

Integrated Marketing Communications

Block

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MARKETING COMMUNICATIONS MIX

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Ref. No. IMCIFHE – 022023 B4

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BLOCK 4: MARKETING COMMUNICATIONS MIX

Unit 12: Sales Promotion, examines various reasons for its popularity and classifies into consumer promotions and trade promotions. The unit discusses various sales promotion tools and throws light on designing sales promotion program. The unit also introduces sales promotion trap and provides guidelines for enhancing sales promotion effectiveness.

Unit 13: Personal Selling, classifies it into retail, B2B, and trade personal selling. The unit discusses personal selling process along with its merits and demerits. The unit also examines how to integrate personal selling with other marketing communication tools and evaluate personal selling to measure its effectiveness.

Unit 14: Public Relations, Sponsorship, Publicity and Corporate Advertising, classifies Public Relations (PR) into corporate PR and marketing PR. The unit discusses public relations process and focuses more on evaluation of PR process. The unit also discusses various tools for measuring PR effectiveness along with its importance in crisis management. The unit also examines corporate sponsorship, publicity, and corporate advertising to understand various dimensions surrounding PR.

Unit 15: Direct Marketing, provides various reasons for its growth with a special focus on database in direct marketing. The unit discusses database development process along with its advantages. The unit examines direct marketing campaign process and discusses various direct marketing tools. The unit concludes with advantages and disadvantages of direct marketing.

Unit 16: Digital Marketing, examines marketing communications on digital media such as Internet, mobile and social media. The unit discusses various formats of Internet ads, mobile ads, and social media ads along with advantages and disadvantages of Internet ads and mobile ads. The unit explores social media with a focus on customer engagement process, building social business and social CRM.

Unit 12

Sales Promotion

Structure

- 12.1 Introduction
- 12.2 Objectives
- 12.3 Reasons for the Popularity of Sale promotion
- 12.4 Classification of Sales promotion
- 12.5 Consumer promotion objectives
- 12.6 Trade promotion objectives
- 12.7 Sales Promotion Mix
- 12.8 Designing Sales promotion program
- 12.9 Sales promotion trap
- 12.10 Enhancing Sales promotion effectiveness
- 12.11 Summary
- 12.12 Glossary
- 12.13 Self-Assessment Test
- 12.14 Suggested Reading / Reference Material
- 12.15 Answers to Check Your Progress Questions

“People buy emotionally, and they justify their decisions intellectually.”

– David Sandler

12.1 Introduction

The information highlights the significant aspects of consumer buying that marketers should consider while designing sales promotion and this is discussed here.

Sales promotion is the kind of incentives and techniques directed towards consumers, sales force and traders with the intention to produce immediate or short-term sales effects. It also acts as a promotional tool to supplement and coordinate other marketing communication activities such as advertising, direct marketing, personal selling, public relations etc. It is designed to be used as a short-term tactic to persuade a potential customer to buy the product. Sales promotion is primarily a method for accelerating the selling cycle and optimizing

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sales volume.¹By offering an additional motivation, sales promotion strategies may encourage shoppers to buy a greater amount of a product or shorten the transaction or consumer purchasing cycle through enabling them to take more immediate action. Companies often utilize limited-time incentives such as reduced price off deals or a coupon with an expiry date to speed up the purchase process.²Sales promotion aims to increase purchase volume through enticing customers who have not reacted to advertising. The ideal sales promotion program generates sales that wouldn't necessarily be achieved by other means.

The primary objectives of sales promotion are as follows:

- To introduce new products in the market.
- To educate customers about the usage and utility of the product.
- To induce immediate buying and to attract new customers.
- To increase sales particularly during slack periods.
- To increase revenue of the company.
- To enhance the goodwill and public image of the company.

Marketers are offering variety of sales promotion tools to woo the customers. The proliferation of sales promotion tools has created a sales promotion clutter in the market. As more promotions appear in-store, online and on-the-go, it is increasingly difficult for marketers to attract customers' attention. As the above examples demonstrate, brands need to be more innovative than ever to cut through the promotional noise and reach their target customers.

12.2 Objectives

After reading this unit, you will be able to:

- Examine the objectives of sales promotion campaign
- Recall various sales promotion tools
- Categorize sales promotion tools into consumer-related and trade-related and the factors that makes the distinction
- Design an effective sales promotion program
- Explore potential sales promotion abuses and traps

12.3 Reasons for the Popularity of Sale Promotion

Companies are making special efforts to design innovative sales promotion tools because it offers variety of benefits. Companies are spending huge amount of

¹ Scott A. Nielsen, John Quelch, and Caroline Henderson, "Consumer Promotions and the Acceleration of Product Purchases," in *Research on Sales Promotion: Collected Papers*, Katherine E. Jocz, ed. (Cambridge, MA: Marketing Science Institute, 1984).

² J. Jeffrey Inman and Leigh McAlister, "Do Coupon Expiration Dates Affect Consumer Behavior?" *Journal of Marketing Research* 31 (August 1994), pp. 423–28.

money on sales promotions to boost immediate sales and attract customers from competitors.

The usage and success of sales promotions worldwide is influenced by several factors, such as the degree of awareness, the size and nature of the distribution and media outlets accessible (including the postal service), and the regulations applied to their operation. Many sales promotions strategies are regulated by government legislation, business codes and standards (self-regulation), and laws for media acceptance.

All the companies have identified the importance of sale promotions as a key tool in the marketing communications mix. The various reasons for the growth of sales promotion as an effective strategy are as follows.

12.3.1 Shift of Power from Manufacturers to Organized Retailers

Before the birth of organized retailing, manufacturers used to dictate terms in the market place and retailers were mere sellers of those products. As their individual sales turnovers were smaller, retailers did not have the bargaining power to extract higher margins from manufacturers. Due to lack of proper systems and processes retailers were not in a position to analyze the sales of each brand. This made the retailers dependent upon manufacturers for information regarding performance of the brands, for ordering the products from them.

The birth of organized retailing and the innovation in retail formats have made retailers more powerful. Consumers are now more inclined to shop at a retail outlet that provides right kind of ambience. This has increased the prominence of retail store chains. By increasing their presence and loyal customer base, retailers have gained the much-needed scale to bargain with manufacturers for better terms. With the use of better technologies such as optical scanners, RFID, data warehousing, and forecasting software, retailers are able to understand the customer better than the manufacturer. They are in a position to provide information on customer's product preferences, the impact of promotional activities on the sales of a product, sales turnover of the product etc.

Thus, manufacturers are forced to offer attractive incentives to retailers for carrying their products on retailer's shelves and provide better visibility to their products at the retail outlets. With better availability of information, retailers are now able to demand better terms from manufacturers whose products are showing lower sales. Supply chain management with the latest software applications facilitated instant connection between retailers and manufacturers.

Private label has also given retailers more power over the manufacturer brands. Since retailers are more aware of local customers and their tastes, they are able to offer right product in the form a private label. As retail store chains are becoming larger, they have gained substantial customer base and financial support to launch private labels/brands.

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12.3.2 Difficulty of Differentiation among Competing Brands

Consumers considered various brands as close substitutes which facilitated easy brand switching. Companies failed to identify a unique feature in their brands, which could be used to differentiate their products and services from that of competitors. All products are same in terms of quality, features, style and even price. In such situations manufacturers shifted their attention to marketing communication elements that could provide instant results. Consumers are not showing any brand loyalty hence looking for some extra incentive while buying a product.

12.3.3 Consumers are attracted towards Value rather than Brand

Customers are displaying positive attitude towards promotional offers. They are waiting for promotional offers in terms of discounts, lowest price promotions, raffles, rebates or samples. Due to time constraints, consumers are increasingly making purchase decisions at the stores based on 'value for money' instead of deciding about a particular brand. The 'value for money' also influences customers to make impulse buying. Customers decide the 'value for money' in terms of price discount, offers, freebies, and other incentives along with the products.

Example: Banish's Sweepstakes Promotion Style

Banish (a US based skin-care product company) on its website ran a mini-sweepstakes where users could enter to win deals, gifts, and products (e.g. caps, socks, etc.). Although it was a simple game, it made its landing page successful, thereby gaining more customer traffic. The information shows how Banish attracted customers by offering win deals, gifts, and products to customer.

Source: Expert Panel (05/11/2020). "10 Out-Of-The-Box Marketing Promotions To Jump-Start Your Early-Stage Business". <https://www.forbes.com/sites/theyec/2020/11/25/10-out-of-the-box-marketing-promotions-to-jump-start-your-early-stage-business/?sh=689573a45ee6> Accessed on 10/09/2022

12.3.4 Ineffectiveness of Advertising

Advertising has become ineffective over a period of time due to several factors in influencing customer purchase decision. Advertising is ineffective in influencing local customers due to its inability of non-customization. Advertising is more effective for mass appeal rather than for local customers. In order to meet and influence local customers, sales promotion has become an effective tool in the hands of marketers. The other reasons for less importance given for advertising are increase in costs involved in the creation and airing of advertisements.

Advertising has become ineffective due to media clutter where customers come across numerous advertisements in various communication media. As consumers may not process and recall all advertisements, it is likely that the advertisement related to a particular company receives lesser exposure per customer, which in

turn reduces the effectiveness of advertising. With the proliferation of television channels and print publications, the reach of target audience has become fragmented and increased the cost of advertising.

The ineffectiveness of advertising has forced marketers to explore other communication mix elements that could increase their brand image and sales. Such thinking prompted companies to focus on sales promotion initiatives. Moreover, research has proved that sales promotion activities that are conducted in sync with ad campaigns can have greater impact on sales.

12.3.5 Companies thrust on quicker results

Companies are impatient about long-term brand building and want quicker results in terms of immediate sales and instant profits with high sales volume. Shareholders compel managers to favor marketing initiatives that produce instant results. Companies favor sales promotions as it is easier to measure results against the money spent on promotional activities. Managers also find themselves under pressure to achieve short-term sales in order to accelerate their career prospects.

The Growth of Digital Marketing

Most marketers are now utilizing the diverse types of digital marketing to implement sales promotion programs and calculate their performance. Across different types of internet advertisement, including mobile marketing, promotional deals have now become popular as a means to draw or inspire customers to take action. On marketers' websites, as well as their social media pages like Facebook, Twitter, and Instagram, various types of promotions such as coupons and discounts as well as entry forms for competitions and sweepstakes appear.

12.4 Classification of Sales Promotion

Sales promotion has been defined as “a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer with the primary objective of creating an immediate sale”. Sales promotions are offered to the consumers and the channel members to stimulate consumer purchasing and improve dealer effectiveness. Based on the orientation of consumers and channel members, sales promotions have been classified into two types:

- Consumer promotions
- Trade promotions

Trade promotions are targeted at channel members (usually retailers) to motivate them to carry the company's products and promote them more effectively. Thus, trade promotions aid in the implementation of a company's push marketing strategy. On the other hand, consumer promotions are aimed at end-consumers so

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as to create consumer pull for the product. Thus, consumer promotions help a company to implement its pull marketing strategy.

Example: Consumer Sales Promotion by EaseMyTrip

In 2021, online travel agency EaseMyTrip collaborated with store Lifestyle to offer perks and rewards to customers of both businesses. Offers from Lifestyle Stores were made available to EaseMyTrip's customer base and promoted through the company's various marketing channels. Lifestyle used its physical and online consumer base to advertise travel deals on EaseMyTrip. The information shows consumer sales promotion.

Source: Mint (02/07/2021), "EaseMyTrip partners with Lifestyle for consumer offers and promotions". <https://www.livemint.com/companies/news/easemytrip-partners-with-lifestyle-for-consumer-offers-and-promotions-11625217682438.html> Accessed on 10/09/2022

12.5 Consumer Promotion Objectives

Generally, consumer promotion activities are aimed at improving short-term sales of a product. However, there are many other objectives that companies try to accomplish by organizing consumer sales promotion campaigns. Few of the objectives are discussed below.

12.5.1 To Encourage Trial by New Customers

Encouraging new customers to try the product is one of the key objectives of sales promotion campaign. With increased competition, numerous products are being launched in the market every year. A product can succeed in such a clutter only if brand awareness among customers is high. Attractive consumer sales promotion campaigns can help the company improve brand awareness among the customers and encourage them to try the product. If the customers are satisfied with the product they will go for repeat purchase. Companies use promotions like sampling and contests to increase brand awareness, encourage trial and reward brand loyalty. Consumer promotions are also used to encourage competitors' customers to switch loyalties.

12.5.2 To Increase the Sales of the Existing Brand

Increasing sales is the most demanding objective of any company. Generally, matured products and products in decline stage experience downward sales growth. Companies focus on increasing sales of existing products through consumer promotion campaigns. Consumer promotion campaigns can also help in promoting new uses among the customers.

Example: Go First Offered Special Discounts to Boost Sales

In 2022, Go First started providing a special discount with flights starting as low as ₹1499 to boost sales. The promotion was accessible through all

Contd.

channels, and during the sales period, tickets were offered on a first-come, first-served basis. The information shows that the objective of the promotion was to boost sales.

Source: Live mint (08/07/2022). "Go First launches special monsoon offer with fares starting at ₹1,499". <https://www.livemint.com/companies/news/go-first-launches-special-monsoon-offer-with-fares-starting-at-rs-1499-11657292132024.html> Accessed on 11/09/2022

Consumer promotion campaigns can also help in attracting new customers towards the products. New customers can be either non-users or consumers who are using competing brands. Companies offer attractive incentives along with the products in the form of price reductions and coupons to encourage more purchase. They can also offer bonus packs in order to encourage customers of the competing brands to shift to the company's brands to avail the additional quantity.

12.5.3 To Enhance Brand Loyalty of the Customers

Consumer promotions help the company to increase brand loyalty and retain existing customers. With increasing product similarities among competing brands, customers are switching brands more often than before. Sales promotions can help companies prevent such brand switching. This can be done by rewarding the existing customers generously. For example, Colgate, Sparkling White, offers bonus pack of "x% extra" for the same price can help in retaining heavy users of the brand who are attracted by the higher value proposition the packs would provide.

Companies can also offer coupons and price reductions so that customers are encouraged to stock the brand. This will not only increase consumption of the product but also help in making customers indifferent to the promotion of competitors.

12.5.4 To Increase the Brand Equity of the Product

Consumer promotions also increase the brand equity of the product. Though sales promotions are criticized by some marketing experts for being instrumental in eroding the brand equity of the products, a well-planned promotion strategy can increase the brand equity of the product. Contests and premiums can aid in building brand equity of the product.

Targeting a Specific Market Segment:

Many organizations concentrate their marketing efforts on different segments of the market and always try opportunities to meet their target audience. Many advertisers see sales promotion resources including contests and sweepstakes, events, coupons and sampling as very successful ways to target different geographic, demographic, psychographic and ethnic audiences. Sales promotion programs will also approach different user-status categories including non-users or light versus heavy-user consumers.

12.6 Trade Promotion Objectives

Channel member cooperation is crucial to push the product into the retail stores. Manufacturers use a number of promotions aimed at trade partners to motivate and push the products through distribution channel. Few of the objectives of trade promotions are as follows.

12.6.1 To Ensure Channel Members Support for New Product Launch

A strong distribution network is a prerequisite for the successful launch of any new product. Products need to be available in sufficient numbers at the retail stores to avoid any stock out. Apart from ensuring availability a manufacturer should also ensure that a product is displayed prominently on the shelves so as to attract the attention of customers. With increased number of products in the product portfolio a retailer may not be willing to carry the new product, unless the company offers attractive incentives. Manufacturers give trade incentives in the form of slotting, off-invoice and promotional allowances to motivate retailers to carry and promote new products at their stores. Various trade contests are also conducted to encourage the channel members to carry the product.

12.6.2 To Secure Channel Members Support for the Existing Brand

Companies also use trade promotions to keep channel member motivated to carry the existing brands. This becomes a major objective when the manufacturers' products are either in the maturity or decline phase of their product life cycle. During these phases, product sales decline and channel members' interest in the product also declines due to lesser turnover and sales revenues. In such situations manufacturers should encourage the retailer to promote the product by giving him attractive trade incentives to compensate for the decrease in sales revenue. As customer interest towards a product reduces, pull strategy based on heavy advertising may not give good results. Instead companies need to focus on push strategy, thus trade promotion is the right option for the companies.

Example: Welspun Group Boosting its Retailers' Sales

According to The Economic Times article (2020), Welspun Group, a conglomerate company, started taking strategic steps that give retailers a boost in their sales. The company was working on omni-channel promotions and digital geo-targeting campaigns to reach customers in each of their various catchment areas and generate leads for them. The firm was assisting its retailer partners by providing necessary discounts and margins. The information shows that the firm was providing necessary discounts to the retailers in order to boost their sales.

Source: Bhavya Dilipkumar & Nehal Chaiwala (01/06/2020), "Manufacturers giving incentives to dealers, distributors to push sales". <https://economictimes.indiatimes.com/news/company/corporate-trends/manufacturers-use-sops-to-get-wind-back-in-their-sales/articleshow/76125010.cms> Accessed on 11/09/2022

For example, hairdressers get shampoos and other hair products from the manufacturers at a discount and cheaper rate and charge the customers at full prices. Manufacturers with the best trade allowances would get the best displays in the hair salon.

12.6.3 To Shift the Stock from the Manufacturer to the Retailer

Companies also use trade promotions to shift the stock at their warehouse to the retail store. Companies offer trade incentives that encourage retailers to purchase larger quantities of the product. When a retailer stocks larger quantities of the product, he would consequently put more efforts to sell the product to the customers. Shifting the stock near the end customer would also ensure timely availability of stocks and avoid any stock out situations. This is important during the launch of new products where non-availability of the product can adversely affect the success of the new product.

Companies also use trade promotions to clear off unsold stock. Through this they can reduce the risk of product obsolescence and also shift the inventory carrying responsibility to the retailers.

Check Your Progress - 1

1. What are the reasons for the popularity of sales promotion?
 - a. Power shift from manufacturers to retailers
 - b. Ineffectiveness of advertising
 - c. Customers look for value rather than brand
 - d. All the above
2. Sales promotion is classified into which of the following?
 - a. Consumer promotions
 - b. Trade promotions
 - c. Both a and b
 - d. None
3. Which of the following are the objectives of consumer promotions?
 - a. To encourage trial by new customers
 - b. To increase the sales of the existing brand
 - c. To enhance brand loyalty of the customers
 - d. All the above
4. Which of the following are the objectives of trade promotions?
 - a. To ensure channel members support for product launch
 - b. To secure channel member support for the existing brand
 - c. To shift the stock from the manufacturer to the retailer
 - d. All the above

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5. Which of the following marketing strategies are aided by trade promotion and consumer promotion?
- Push and Pull
 - Pull and Push
 - Push and Push
 - Pull and Pull
-

12.7 Sales Promotion Mix

The various tools of sales promotion or sales promotion mix are helping companies to boost sales. The innovation in sales promotion has expanded the variety and richness of sales promotional tools. The various tools of sales promotion can be classified into consumer promotion tools (Figure 12.1) and trade promotion tools (Figure 12.2) as follows.

Figure 12.1: Consumer Promotion Tools



Source: ICFAI Research Center

Figure 12.2: Trade Promotion Tools



Source: ICFAI Research Center

12.7.1 Consumer Promotion Tools

Consumer promotional activities are categorized into two groups based on their objectives: consumer franchise-building (CFB) promotion activities and consumer sales-building (CSB) promotion activities. CSB promotion activities are aimed at improving short-term sales of the product for the company such as price-offs, coupons, cash rebates etc. CFB activities are aimed at building brand awareness and improving brand image of the product among the target audience. Few of the tools are discussed below.

Price-offs:

Since price is one of the important aspects of consumer purchase decision, price-offs will help the company to attract customers towards its products.

Advantages:

- The scheme can be implemented and controlled directly by the manufacturer. As a result, the company can ensure that the promotional offer directly reaches the customer, thus checking the misuse of promotions by the channel members.
- The scheme can be implemented quickly and analysis of results also becomes easier. Apart from that, price cuts offer clear value to customers, as the offer is immediate and devoid of any conditions.
- Price cuts can be used to attract non-users to try the product. They can also be used to encourage existing customers to purchase more quantities.

Disadvantages:

- Price cuts may affect the profitability of the manufacturer. If the incremental profits achieved from increased sales, is lesser than the cost incurred in implementing the price cuts, then the manufacturer may be at loss.
- Customers may perceive price cuts as a move to compromise on quality and this leads to decrease in brand equity of the product.
- Frequent price cuts may also affect customers' perception of the price. Customers may perceive that the manufacturer has artificially inflated the normal price.

Coupons:

A coupon is a printed certificate that entitles the customer to a particular price reduction or special value on a specific product, generally for a specified period of time. The value of the coupon is set by the manufacturer. These coupons are usually distributed with newspapers, magazines or with the product. These coupons can be redeemed by customers to get a certain percentage or amount off on the next purchase of the product. This is considered a pure consumer sales building promotion activity as it doesn't highlight any unique attributes of the product and instead focuses on the pricing element.

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Example: Airtel: Increasing Revenue using Vouchers

In 2022, Bharti Airtel and PepsiCo had partnered to offer Airtel Prepaid Recharge Vouchers of Rs.10 to Rs.20 with the goods of PepsiCo in an effort to increase Average Revenue Per User and subscriber numbers. The information shows that the telecom company partnered with FMCG company to provide coupons and increase Average revenue per user and subscriber numbers.

Source: ETTelecom (07/09/2022), "Airtel partners PepsiCo to offer prepaid discount coupons with beverage products". <https://telecom.economictimes.indiatimes.com/news/airtel-partners-pepsico-to-offer-prepaid-discount-coupons-with-beverage-products/94049456> Accessed on 11/09/2022

Advantages:

- Coupons are used by manufacturers to encourage product trial and induce brand switching.
- Coupons may not enhance brand image but can boost the sales of the product in the short term.

Disadvantages:

- The redemption rate of the coupons of many products is very low due to various reasons. Time constraint of customers can be one of the main reasons. As a customer is bombarded with several coupons, he needs to spend time in collecting and preserving those coupons. He also needs to carry them during his next purchase. So consumers who are time pressed may not be able to spend time on collecting and redeeming the coupons.
- The coupons may not reach the target customers effectively as they are mass distributed through various newspapers and magazines without much research.

Cash refunds:

Cash refunds are similar to coupons as they too offer a discount to the customers. However, customers obtain refunds only after they produce proof of purchase. Usually, the discounts in cash refund offers are higher than in case of coupons. Moreover, customers need not collect and submit the coupons during the purchase.

Advantages and Disadvantages:

- Cash refunds are more convenient for customers.
- The only hitch is that consumers need to pay the full price of the product and send the proof of purchase to the manufacturer.

Bonus Packs:

Bonus packs are the promotional packs that offer extra quantity of the product to customers at the same price. These packs are offered to increase the short-term demand for the products and create brand awareness.

For example, an herbal personal care product company in India, offers bonus pack of 200 ml free on purchase of every 400 ml of its Shampoo brand. For example, a readymade and fashion apparel brand in India, offers a combo pack with 5 shirts at Rs.999 to quicken the sales.

Advantages:

- By using this technique, a manufacturer can gain higher sales without reducing the actual price and brand image of the product.
- It is used more in the case of price-sensitive products. These offers are targeted at current users who are heavy users of the product.
- By offering extra quantity at no additional cost customers perceive that the bonus packs are offering higher value proposition.

Disadvantages:

- The company may incur additional costs in offering extra quantity of the product to customers without any price increase.
- It may also need to design special packaging for these bonus packs. In some cases, the bonus packs may not fit into the shelves of the retailer due to their large size.

Prize promotions:

Prize promotions such as contests, sweepstakes, lotteries, etc. are targeted to attract more customers. The difference between contests and sweepstakes is that contests are skill-based and does not involve any element of chance, whereas sweepstakes are purely based on chance. Contests require the consumers to answer the quiz questions, or write a good slogan for the product. Sweepstakes and lotteries are based on chance and prizes are drawn randomly. With the growth of social media, companies are running contests on social media to attract more customers. It is more cost effective, convenient, and easy to run contests.

Advantages:

- Prize promotions are undertaken to increase brand awareness for new products or to improve the sales of slow moving products or to create excitement in the product, or to improve brand image of the product or the company.
- Prize promotions gain acceptance among customers because of the fun and excitement element involved in it and the chance of winning a valuable prize without paying to enter into contest.

Disadvantages:

- Conducting contests is a costly affair where companies have to publicize the event, evaluate the entries and award the prizes. In order to attract customers' attention, companies have to give away high value prizes which squeeze the profit margins of the company.

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- Government imposes stringent regulations that are to be followed in conducting prize promotions. Violations of such regulations will not only lead to legal wrangles but also give the company bad publicity.
- The company has to spell out the rules and regulations of the contests and make sure that these rules and regulations are properly communicated to the customers.
- Diminishing customer interest due to sales promotion clutter.

Sampling:

Sampling involves distribution of free samples to customers, so as to create brand awareness among them. Free samples can be distributed in various ways such as door-to-door distribution, through direct mail, through print publications, or in-store distribution. The distribution mode can be selected depending upon the customer segment a company plans to target.

If the company wants to target a broader target customer segment then it can mass distribute them through mail, daily newspapers, or door delivery in that particular region. If it wants to target a narrowly defined customer segment it can go for selective sampling wherein the samples are mailed to select customer addresses. The company can also use niche print publications like sports or fashion magazines for selective sampling. Another important distribution mode for sampling is in-store sampling. In-store sampling refers to the demonstration and distribution of samples by the sales persons of the company at retail outlets.

Advantages:

- Sampling is suitable for products whose attributes cannot be communicated effectively through other marketing communication tools like advertising. This is more so for new innovative products about which customers have no idea.
- Sampling is useful for products that are targeted towards new customer segments.

Disadvantages:

- Sampling requires design and manufacture of smaller packs which is an additional burden.
- Small packs have to be distributed to a large number of customers and retail stores, which requires substantial effort and investment.

Premiums:

Premiums are gifts that are offered along with the product at no additional cost. Such offers include a plastic jar with coffee powder or a bucket with surf powder or a gold pendant with a car. These promotions are undertaken by companies to encourage product trial, create excitement in the product and to attract new customers.

Advantages:

- This technique can be used for encouraging product trial of new products and repeat purchase of existing product.
- It builds the brand image of the product and company.
- Companies have freedom to make a choice of premium.

Disadvantages:

- Companies have to spend more money for premium gifts that go with the product.
- Sometimes consumers buy the product merely for the premium gift and in such cases product image and brand equity may be eroded.

12.7.2 Trade Promotion Tools

Companies use various trade promotion tools to target channel members such as wholesalers, retailers, and other middle men with special price discounts, allowances, display racks, gifts and other incentives to push the products from warehouse to stock-keeping-units at the purchasing point of customers. Manufacturers use the following trade promotional tools.

- **Trade Allowances**

Trade allowances are the financial incentives provided by manufacturers to marketing intermediaries. There are three types of trade allowances available in the hands of manufacturers to influence channel members viz. off-invoice allowances, slotting fees, promotional allowances.

Off-invoice allowances: Off-invoice allowances are temporary price reductions on the product price at the time of billing, offered by the manufacturer to channel members for the purchases made by them during a specific period of time. Such price reductions encourage retailers and wholesalers to buy larger quantities of goods. Manufacturers give off-invoice allowances during non-peak season. These allowances are also used to increase the sales of slow moving goods.

Manufacturers expect that retail sales would increase if the intermediaries pass on a part of these reductions to the end consumer. In reality, intermediaries buy larger quantity of goods during the offer period to take advantage of price reduction and hold them as inventory to sell them after the offer period. This results in a loss to the manufacturer, as the price reduction will not translate into higher sales because the retailer holds the goods as inventory and resells them at regular prices after the offer ends.

Slotting allowances: It is a fee, which a manufacturer pays a retailer to secure a slot or shelf space for his new products. These allowances are aimed at covering the costs of the retailer in allotting space for the new product in his warehouse and on the store shelf, including the product in the retailer's inventory system and reprogramming the computer system to recognize the product's UPC code.

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Promotional allowances: These allowances are offered by manufacturers to support the additional promotional activities undertaken by channel members on their behalf. Manufacturers may offer these allowances to retailers for displaying point-of-purchase material inside their stores, running special in-store promotional campaigns, or conducting promotional activities in the localities surrounding the store.

Trade contests: Trade contest is one of the widely used trade promotion techniques. Manufacturers run sales volume contests to motivate the management or sales personnel of marketing intermediaries such as wholesalers, distributors or retailers, to achieve higher sales target. Those who achieve higher targets are rewarded with prizes such as club membership, tour package, gift vouchers and other home appliances.

- **Additional Trade Promotional Tools:**

Point-of-Purchase Advertising: Marketers promote their products in the retail store through 'Point-of-Purchase (POP)' advertising. POP advertising can take various forms, such as shelf-mounted signs, hanging posters, and more. Customers generally make 70% of purchase decisions within the retail store itself and effective POP advertisements have shown positive impact on sales for a particular brand or product. Recently, static signs have begun to give way to electronic, dynamically updated point-of-purchase advertisements that present targeted product information, instant coupons, and more. The software used to control these dynamic POP advertisements typically allows for near-real time content updates, allowing brand managers to run instant marketing experiments, geographically targeted promotions campaigns, and more.

Specialty Advertising: Specialty advertising basically consists of giveaways - the pencils, pens, buttons, calendars, mugs, corporate logos, refrigerator magnets, etc. - where permanent messages are printed on gift items to serve as reminders. The purpose is to create awareness about the brand and enhance goodwill of the company.

Trade Shows: Trade show is an exhibition for manufacturers in a specific industry to showcase and demonstrate their new products and services. Usually, trade shows are not open to the public and can only be attended by company representatives and members of the press.

Vendor Support Programs: Vendor support programs are trade promotions manufacturers offer to support a retailer, wholesaler, or agent's programs. The support programs include billbacks and co-op advertising. In billbacks, manufacturers payback the bills paid by the retailers or wholesalers for the display, advertisement, or price cut hence the name billback. In coop advertising, the manufacturers agree to reimburse the retailer a certain percentage of costs associated with advertising the manufacturer's products in the retailer advertisement. It is discussed as follows.

- **Cooperative Advertising**

In cooperative advertising, the manufacturer provides financial and administrative support to the retailer to run the advertising program locally. The manufacturer offers support in the form of suggested advertising formats, messages and materials to the retailers so that he can run the program more effectively. The manufacturer also bears certain amount of the total expenditure incurred for the program. It may also involve participation of various dealers of the particular manufacturer within a particular region to promote the new or existing product of the manufacturer. Both the manufacturer and the retailer can benefit from the cooperative advertising.

Horizontal cooperative advertisement is an ad that is generally funded by a group of retailers or certain organisations who offer goods or services to the consumer. For example, car dealers operating near each other in a car park or in the same street sometimes contribute part of their marketing budgets to a cooperative advertisement fund. Ads are screened advertising the dealerships' position and urging vehicle buyers to take advantage of their near proximity while looking for a new automobile. Most towns and resorts utilize horizontal cooperative advertisement by making hotels, amusement parks, tourist attractions and other businesses that benefit from tourism contribute money to a fund that promotes and supports the region as a tourist destination and/or as a meeting place and conferences.

Ingredient-based cooperative advertisement is funded by suppliers of raw materials; the purpose is to help establish end products that contain the resources and/or ingredients of the company. Perhaps the well acknowledged and most successful illustration of this form of cooperative advertising is the program "Intel Inside," sponsored by Intel Corporation, which the organization has been utilizing since 1991. The monies earned from Intel will be added to advertisements that the PC manufacturer and Intel collectively pay.

Advantages:

- Retailer can benefit from the financial support of manufacturer.
- Retailer can promote the manufacturer's brand along with his store.
- Retailer can enhance his store image by associating with the manufacturer.
- Manufacturer can lower his advertising costs as the costs are shared with retailers.
- Cooperative advertising can give better promotional opportunities to manufacturer's products with the support of retailer.

- **Training Programs**

Companies organize training programs for marketing intermediaries as a part of trade promotion activities. This improves the retailer or the sales person

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understanding of the product which in turn leads to higher sales. Manufacturers of industrial products and some complex consumer products usually organize such training programs. Apart from training, companies also provide brochures and manuals that give detailed information regarding the product and its application. Even financial services companies who seldom use sales promotion activities are now adopting the training program route to motivate their distributors to perform better.

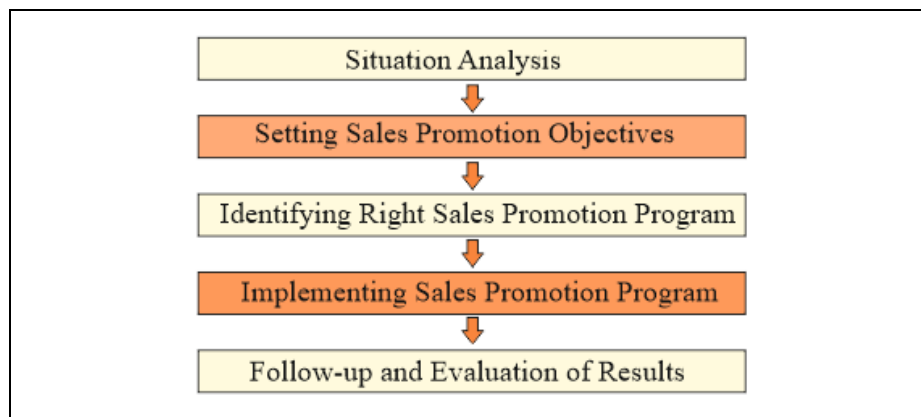
Check Your Progress - 2

6. Which of the following is not a consumer promotion tool?
 - a) Bonus pack
 - b) Premiums
 - c) Sampling
 - d) Cooperative advertising
 7. Which of the following is not a trade promotion tool?
 - a) Off-invoice allowances
 - b) Slotting allowances
 - c) Training programs
 - d) Price-offs
 8. Which of the following is a printed certificate that entitles the customer to a particular price reduction or special value on a specific product, generally for a specific period of time?
 - a) Price-off
 - b) Coupon
 - c) Premium
 - d) Prize promotion
 9. Which of the following is a gift offered along with the product at no additional cost?
 - a) Price-off
 - b) Coupon
 - c) Promotional allowance
 - d) Cooperative advertising
 10. Which of the following are trade allowances?
 - a) Off-invoice allowances
 - b) Slotting allowances
 - c) Promotional allowances
 - d) All the above
-

12.8 Designing Sales Promotion Program

The more the innovation in design of sales promotion program the better its success in sales promotion clutter. Companies follow a 5-step framework to design and implement their sales promotion programs effectively.

Figure 12.3: 5-Step Sales Promotion Program Design



12.8.1 Situation Analysis

The first step in designing a sales promotion program is to make the situation analysis. Companies have to analyze the problems they are facing and the opportunities that are available. Then, they should explore whether sales promotions can help in dealing with those problems. Thus, in this step companies evaluate the role of sales promotion in solving the problems or in exploiting opportunities.

Example: Shopsy's Daily Sales Promotion

In 2022, Shopsy launched an advertisement campaign “Aaj Shopsy Kiya Kya?” highlighting the daily discount sale at Shopsy. The company said that the campaign was based on the market situation where the customers, especially women customers, wait for the promotion or discount sale to purchase the items. The information shows how Shopsy performed situation analysis step in designing sales promotion program.

Source: Chehneet Kaur (12/08/2022), “BE Exclusive: Sara Ali Khan goes witty for 'Aaj Shopsy kiya kya?' ad”. <https://brandequity.economictimes.indiatimes.com/news/advertising/be-exclusive-sara-ali-khan-goes-witty-for-shopsys-new-ad/93469139> Accessed on 11/09/2022

12.8.2 Setting Sales Promotion Objectives

Once a manufacturer is convinced that sales promotion can help in dealing with the situation analysis, he needs to decide upon the basic objectives he wants to accomplish by undertaking sales promotion activities. The objectives may be to build brand awareness for a new product, to counter competition, to retain existing customers, to improve market share etc. Sales promotion objectives will determine the success of sales promotion programs by providing guidelines for

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their implementation. Hence, setting of sales promotion objectives is of great importance. Manufacturers while setting objectives should ensure that they are clear and measurable. For example, a company's sales promotion campaign can aim at increasing sales by 30% during the promotion period and 20% after the promotion campaign. By setting such measurable goals, the company can gauge the campaign's success easily.

However, it will be difficult to measure results if there is no quantifiable goal. For example, if a company's sales promotion program is aimed at building brand loyalty among customers, it becomes difficult to gauge how many customers from the target group are loyal as it is very difficult to measure brand loyalty.

A company should also set objectives that are achievable. Objectives should be set after analyzing the strengths and weaknesses of the company. Before setting objectives the company should determine whether it has enough financial and human resources to achieve those objectives.

12.8.3 Identifying Right Sales Promotion Program

The next step is to identify the right promotional program that would enable the company to achieve the objectives that have been set. The design of promotional program depends upon the objectives set, the costs involved in each technique, target customer segment and the competitive environment within which the company is operating. The promotional program may consist of one or more sales promotional activities. For example, if a company is planning to launch a new product and it wants to bring in brand awareness among customers and induce trial, it can use sampling and coupons to build brand awareness as well as encourage customers to purchase the product. The company can also use trade promotion techniques such as offers of promotional allowances to retailers to make them display and promote the product in their store thereby building brand awareness.

12.8.4 Implementing Sales Promotion Program

Implementing sales promotion campaign is a crucial step in the success of a promotion program. Even a well-planned promotional campaign may fail if the plan is not properly implemented. The company has to develop a detailed action program for this purpose. The action program focuses on issues like what activities must be performed, who are responsible for these activities and when should they be performed.

Top management support is essential for the success of the sales promotion program. Generally, sales promotional activities are considered to be of less importance than advertising and hence, passed on to junior management. In order to obtain better results, the top management needs to be involved in the implementation of promotional programs. As the sales personnel are those who actually implement the program, their support is of greater importance. Thus, the

company has to ensure that its sales personnel are motivated enough to carry out the monetary and non-monetary incentives to motivate them to perform better.

The timing of the sales promotion is another important aspect the company has to look into. The company has to evaluate various factors in deciding the time for the launch of the program. These include seasonal conditions, competitive environment, festivals, etc. For example, festival season is the right period for running sales promotion campaigns for goods like consumer durables and apparel. Running consumer promotions during special events like Cricket World Cup and Olympics can have greater impact on customers.

12.8.5 Follow-up and Evaluation of Results

Finally, a company has to evaluate the results of the campaign in order to analyze the performance of the campaign. The analysis helps in determining whether the campaign has met the objectives set by the management and whether it could be conducted within the allocated budget. Such an analysis provides valuable insights to the company, which can be incorporated in future sales promotion activities.

12.9 Sales Promotion Trap

Sales promotions have become a common practice among all the companies to attract more sales of a product to penetrate the market. For example, retailers extensively practice 'price-offs' to create price sensitivity in the market. Consumers are influenced to make a purchase when the products are given price-offs. Once, consumers become price sensitive, they buy products during 'promotion period' and hoard them for use during non-promotion period. This truly cannibalizes the non-promotion sales of a product and reduces profit margins of a company. For example, many companies promote FMCG products like soaps, paste, through sales promotional strategies but what actually happens is the cannibalization of its own products.

If marketers do not have a conscious plan for overall growth of the category of products, they may fall into this trap of price sensitivity strategy to increase sales. This actually turns into a marketing cost if promotions are not well planned.

Companies fall into sales promotion trap if they design sales promotion program as a differentiation strategy. If the sales promotion is successful and leads to a differential advantage, competitors may quickly copy it. When all the competitors copycat sales promotion strategy, it may lower profit margins for each firm and also make it difficult for any firm to sustain sales promotion as a competitive advantage.

Companies fall into sales promotion trap if competitors copy and promote sales promotion strategies. The four situations can happen to a company, based on sales promotion strategy vis-a-vis with competitors as shown in the Figure 12.4.

Figure 12.4: Sales Promotion Trap

COMPANY			
	Cut back promotions	Maintain promotions	
Cut back promotions	Higher profits for all	Market share goes to company	COMPETITORS
Maintain promotions	Market share goes to competitors	Market share stays constant, profits stay low	

Adapted from George E. Belch, Michael A. Belch, Keyoor Purani; Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill Education, 2021

Companies should not dilute the brand image and long-term brand equity at the cost of short-term sales through sales promotion strategies. Managers are abusing the sales promotion strategy with the temptation for immediate sales and their career prospects by designing less innovative promotion programs. It is a lot easier to run a sales promotion to attract a customer than to differentiate your brand from competitors. Managers have to be careful enough while designing innovative sales promotion campaign to see that it doesn't dilute the brand image and reputation of the company in the long run.

Example: Big Bazaar's Diwali se Pehle Diwali Sale

In 2021, to encourage customers to make their purchases well in advance of the festival season and to avoid sales promotion trap, Big Bazaar launched its Big Shopping Festival well in advance of the festival season. The information shows that Big Bazaar launched its promotional well in advance in order to avoid sales promotion trap.

Source: Livemint (29/09/2022), "Big Bazaar announces 'Diwali se Pehle Diwali sale': Check offers, deals here". <https://www.livemint.com/companies/big-bazaar-announces-diwali-se-pehle-diwali-sale-check-offers-deals-here-11632917065650.html> Accessed on 12/09/2022

12.10 Enhancing Sales Promotion Effectiveness

Due to increased competition and depressed markets, managers are increasingly exploring ways to maximize the performance of their companies. This has led to a cut in budget allocation including those on marketing and promotion. On the other hand, increased competition has formed marketing managers to increase promotional spending. Thus, under such tight condition manufacturers have to design sales promotions that provide the desired results for the company at the lowest cost. The following are some of the key measures, which help in enhancing the effectiveness of sales promotion campaigns.

Customize Sales Promotion campaign to suit Target Market

Companies should customize their sales promotion activities according to the target customer segment and the local market conditions. Generally, companies launch a uniform promotional campaign across all the markets. Though such an attempt helps the company to cut costs and effort, it may not give desired results.

Example: Buy Now Pay Later Facility by Flipkart Wholesale

In September 2021, Flipkart Wholesale, a B2B digital marketplace, to attract more Kirana customer base, started offering a credit facility called 'Buy Now Pay Later' (BNPL) to small retailers, and kirana stores. The information shows how Flipkart Wholesale has customized its sales promotion to attract kirana customers.

Source: ETRetail (18/09/2021), "Flipkart Wholesale partners with Davinta to offer 'Buy Now Pay Later' credit facilities to MSMEs and Kiranas". <https://retail.economictimes.indiatimes.com/news/e-commerce/e-tailing/flipkart-wholesale-partners-with-davinta-to-offer-buy-now-pay-later-credit-facilities-to-msmes-and-kiranas/86316472> Accessed on 12/09/2022

Identify Synergies among Various Sales Promotion Campaigns

In some cases, simultaneous implementation of two or more sales promotion campaigns can have a greater impact than their independent implementation, one at a time. Thus, companies need to exploit synergies among various promotions to obtain better results from sales promotion campaigns. For example, organizing consumer contests during festival seasons along with attractive trade and promotional incentives can have a better impact than organizing them one at a time. Thus, a company has to understand the simultaneous impact of various sales promotion activities on sales and profitability of the brand. Better understanding would enable the company to design an optimal sales promotion campaign.

Understanding the Impact of Sales Promotion Activities on Channel Members

A company should also evaluate the impact of consumer promotions on channel members. This is important because the company's consumer promotion activities can have an impact on the sales and profitability of the retailers. The company can select those sales promotion activities that improve sales and

Block 4: Marketing Communications Mix

profitability of the retailers and the manufacturer. However, when sales promotions benefit, one party over the other, then a conflict situation arises.

Suppose a manufacturer wants to implement a price cut scheme. The price cut, will increase sales at the retail outlet, hence, it will provide more profits for the retailers. However, if the scheme is utilized more by existing customers, the impact on sales will be less. Thus, if the costs incurred in the implementation of the scheme are more than the increase in sales, the manufacturer may suffer a loss. Consequently, he may decide not to implement the scheme. In such cases the manufacturer can negotiate with the retailer regarding the sharing of profits. Through such efforts sales promotion campaigns may become a win-win proposition for both the parties.

Systematic Tracking and Assessment of Sales Promotion Activities

A company needs to track sales promotion activities in a systematic way and record the results of those activities. Later, these results must be evaluated. Such efforts can help the company understand the impact of various promotional activities, under varied competitive pressures, on the target market. This also helps the company to respond quickly to competitors' and design better sales promotion activities.

Check Your Progress - 3

11. How many steps do you follow to design sales promotion program?
 - a) 4
 - b) 5
 - c) 6
 - d) 3
12. Companies fall into 4-types of sales promotion traps. What type of situation will you face when your company and competitors cut back promotions?
 - a) Market share goes to your company.
 - b) Market share goes to competitors.
 - c) Higher profits for all.
 - d) Market share stays constant, profits stay low.
13. How do you enhance your sales promotion effectiveness?
 - a) Customize sales promotion campaign to suit target market.
 - b) Identify synergies among various sales promotion campaigns.
 - c) Systematically track and assess sales promotion activities.
 - d) All the above
14. Do you agree that Big Bazaar's 'Junk Exchange' sales promotion program has increased its brand equity?
 - a) Yes
 - b) No

- c) Can't say
 - d) None
-

12.11 Summary

- Marketers have been focusing on sales promotion campaigns to stimulate sales in the short-term. Sales promotions are classified into two types – consumer promotions and trade promotions.
- Consumer promotions include Coupons, Premiums, Contests and Sweepstakes, Refunds and Rebates, Sampling, Bonus Packs, and Price Offs.
- Trade promotions include Trade Allowances, Trade Contests, Trade Incentives, Training Programs, Vendor Support Programs, Trade Shows, Point of purchase advertising, Cooperative Advertising and Specialty Advertising.
- Sales promotion budget occupies major chunk in the marketing communications budget.
- The various reasons for the popularity of sales promotions are: shift of power from manufacturers to organized retailers; difficulty of differentiation among competing brands; consumers are attracted towards value rather than brand; ineffectiveness of advertising.
- Consumer promotion and trade promotion objectives are not same if not different. Consumer promotion objectives are many - to encourage trial by new customers, to increase the sales of the existing brand, to enhance brand loyalty of the customers and to increase the brand equity of the product.
- In the same way, trade promotion objectives are – to ensure channel members support for new product launch, to secure channel members support for the existing brand and to shift the stock from the manufacturer to the retailer.
- The sales promotion mix or the tools of sales promotion are many. Consumer promotion tools include price-offs, coupons, bonus packs, sampling, premiums and prize promotions. Trade promotion tools include trade incentives, trade contests, training programs and cooperative advertising.
- Designing Sales promotion program is necessary for its success; hence it follows a 5-step process. The five steps are - situation analysis, setting sales promotion objectives, identifying right sales promotion program, implementing sales promotion program and follow-up and evaluation of results.
- Companies may fall into sales promotion trap because it may cannibalize its own products and reduce overall profits. A company may face four types of situations in the sales promotion trap.
- Companies have to be careful enough while designing sales promotion program to enhance its effectiveness.

12.12 Glossary

Bonus packs: Bonus packs are the promotional packs that offer extra quantity of the product to consumers at the same price. The examples include 20% extra free, buy 3 get 1, or buy 1 get 5 free.

Cooperative advertising: Cooperative advertising is one of the tools of trade promotion where the manufacturer provides financial and administrative support to the retailer to run the advertising program locally. The manufacturer offers support in the form of suggested advertising formats, messages and materials to the retailers so that he can run the program more effectively. The manufacturer also bears certain amount of the total expenditure incurred for the program.

Consumer promotions: Consumer promotions are termed as pull promotional activities, designed to entice the end consumer to purchase the product. These promotions are aimed at stimulating the demand for a new or existing product.

Consumer Franchise-Building (CFB) promotion activities: CFB promotion activities are aimed at building brand awareness and improving brand image of the product among the target customers. This is achieved by promoting the brand attributes and creating a favorable image of the product among the customers.

Consumer Sales-Building (CSB) promotion activities: CSB promotion activities are aimed at improving short-term sales of the product for the company. Examples of such programs include price-offs, coupons, and cash rebates.

Coupon: A coupon is a printed certificate that entitles the customer to a particular price reduction or special value on a specific product, generally for a specific period of time. The value of the coupon is set and redeemed by the customer.

Cash refunds: Cash refunds are similar to coupons as they too offer a discount to the consumer. However, consumers obtain cash refunds only after they produce proof of purchase. Usually, the discounts in cash refund offers are higher than in case of coupons.

On-pack promotions: On-pack promotions offer a free gift on the purchase of the product.

Off-invoice allowance: Off-invoice allowances are temporary price reductions on the product price at the time of billing, offered by manufacturers to channel members for the purchases made by them during a specific period of time.

Premiums: Premiums are the gifts that are offered along with the product at no additional cost.

Sales promotion: Sales promotion can be defined as a direct inducement or incentive to the sales force, distributors, or the consumers with the primary objective of creating an immediate sale.

Sampling: Sampling involves distribution of free samples to consumer, so as to bring brand awareness among them. Free samples can be distributed in various

ways such as door-to-door distribution, through direct mail, through print publications or in-store distribution.

Slotting allowance: Slotting allowance is a fee, which a manufacturer pays a retailer to secure shelf space for his new products.

Trade sales promotion: Trade promotions are the incentives and freebies offered by manufacturers to wholesalers, distributors, dealers, retailers and other members of the distribution channel to encourage them to carry and push their products into the market.

Trade allowances: Trade allowances are the financial incentives provided by manufacturers to marketing intermediaries. There are three prominent forms of trade allowances – off-invoice allowances, slotting fees, promotional allowances.

Trade selling: Trade selling refers to the selling of goods by manufacturers to channel members such as wholesalers and retailers.

12.13 Self-Assessment Test

1. Explain the reasons for the popularity of sales promotion.
2. How do you classify sales promotion? Explain various trade promotion objectives.
3. What is sales promotion mix? Discuss various consumer promotion tools with suitable examples.
4. How do you design an effective sales promotion program?
5. What is sales trap? Explain various situations of sales trap when companies go for sales promotion.
6. What steps do you take to enhance the effectiveness of sales promotion program?

12.14 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021
2. Michael Branding, Social Media Marketing, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021
4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020
5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

12.15 Answers to Check Your Progress Questions

1. (d) All the above

The various reasons for the popularity of sales promotion is as follows

- Power shift from manufacturers to retailers
- Ineffectiveness of advertising
- Customers look for value rather than brand
- Difficulty of differentiation among competing brands
- Companies thrust on quicker results

2. (c) Both

Sales promotion is classified into consumer promotions and trade promotions

3. (d) All the above

The following are the objectives of consumer promotions:

- To encourage trial by new customers
- To increase the sales of the existing brand
- To enhance brand loyalty of the customers
- To increase the brand equity of the product

4. (d) All the above

The following are the objectives of trade promotions:

- To ensure channel members support for product launch
- To secure channel member support for the existing brand
- To shift the stock from the manufacturer to the retailer

5. (a) Push and Pull

Trade promotion aids in push marketing strategy and consumer promotion in pull marketing strategy.

6. (d) Cooperative advertising

Bonus pack, premiums, sampling, coupons, price-offs cash refunds are consumer promotion tools whereas cooperative advertising is a trade promotion tool

7. (d) Price-off

Off-invoice allowances, slotting allowances, promotion allowances, training programs, trade contests are trade promotion tools whereas price-off is a consumer promotion tool.

8. (b) Coupon

Coupon is a printed certificate that entitles the customer to a particular price reduction or special value on a specific product, generally for a specific period of time.

9. (b) Premium

Premium is a gift offered along with the product at no additional cost.

10. (d) All the above

Off-invoice allowances, slotting allowances and promotion allowances are trade allowances

11. (b) 5

Companies follow 5-step process for designing sales promotion program. They are as follows:

- i. Situation analysis
- ii. Setting sales promotion objectives
- iii. Identifying sales promotion program
- iv. Implementing sales promotion program
- v. Follow-up and evaluation of results

12. (c) Higher profits for all

Companies fall into the following 4-types of sales promotion traps based on your company and competitor's sales promotions strategies.

- i. Market share goes to your company
- ii. Market share goes to competitors
- iii. Higher profits for all
- iv. Market share stays constant, profits stay low

13. (d) All the above

Companies enhance sales promotion effectiveness with the following strategies:

- Customize sales promotion campaign to suit target market.
- Identify synergies among various sales promotion campaigns.
- Systematically track and assess sales promotion activities.
- Understand the impact of sales promotion activities on channel members.

14. (a) Yes

Big Bazar's 'Junk Exchange' sales promotion program has increased its brand equity and it has become an every year activity.

Unit 13

Personal Selling

Structure

- 13.1 Introduction
- 13.2 Objectives
- 13.3 Growing importance of Personal Selling
- 13.4 Classification of Personal Selling
- 13.5 Personal Selling Process
- 13.6 Classification of Personal Selling Responsibilities
- 13.7 Merits and Demerits of Personal Selling
- 13.8 Integration of Personal Selling with Marketing Communications Mix
- 13.9 Evaluation of Personal Selling
- 13.10 Summary
- 13.11 Glossary
- 13.12 Self-Assessment Test
- 13.13 Suggested Reading / Reference Material
- 13.14 Answers to Check Your Progress Questions

“When reps take the role of a curious student rather than an informed expert, buyers are much more inclined to engage.”

– Jeff Hoffman

13.1 Introduction

The information shows how important it is for a sales rep to be empathetic and a learner rather than behaving like an informed expert for customer engagement. And, this has been discussed in this unit.

Personal selling is where companies use sales force to sell the product after meeting face-to-face with the customer. The sales force promotes the product through their facial expressions, attitude, appearance and product knowledge. The ubiquitous example is seen in a retail store at cosmetic counters where sales people persuade customers to buy the perfume and cosmetic products. Customers also get a piece of advice on how to use the product and even try different products before making a purchase. Generally, products with complex features, high price are often sold through personal selling.

Several behavioral, technological, and managerial factors are transforming radically and irrevocably the way salespeople and sales managers perceive, prepare, and perform their jobs. Field salespeople, working from automated mobile offices, are becoming empowered and become more and more autonomous as they change emphasis from marketing to servicing clients. Meanwhile, the role of the sales manager is moving more into that of channel manager-supervising a hybrid sales force that represents consumers through multiple electronic and field channels. For personal sales and sales management performance in the 21st century, a versatile, continuous learning and adjusting atmosphere is required.

The personal selling process is very different from selling products through other means such as mass marketing. In personal selling, contact with a prospective customer on a one-to-one is essential. Personal selling is also known as salesmanship.

Door-to-door selling is one of the oldest forms of personal selling where a salesman walks into house after the house to sell a product.

Door-to-door selling is slowly disappearing but is still effective for selling consumer products. Companies are using B2B personal selling to sell complex products such as jets, computer systems, metro trains, turbines, and other expensive goods. In B2B personal selling, companies have to answer all customer technical questions and negotiate price to close the deal.

13.2 Objectives

After reading this unit, you will be able to:

- Outline the importance of personal selling for the promotion of the product/service
- Explore various types of personal selling methods
- Examine personal selling process to focus on various steps
- Identify the pros and cons of personal selling
- Examine the role of personal selling vis-à-vis with marketing communications mix
- Explore the ways for enhancing the effectiveness of personal selling technique

13.3 Growing Importance of Personal Selling

Personal selling is quite different from other promotional tools such as advertising and sales promotion. Unlike other elements of promotional mix which are targeted at mass market, personal selling is targeted at specific customers and allows two-way communication. Personal selling mainly involves selling through

Block 4: Marketing Communications Mix

a person-to-person communication process and provides greater interaction with customers. Personal selling is generally used to push products into a market.

According to American Marketing Association, “Personal selling is an oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales”.

Personal selling plays the dominant role in industrial firms where they promote B2B marketing. Its role in low priced consumer nondurable goods is minimized. Personal selling has become an important partner of integrated marketing communications program.

Example: Shifting from B2B to B4B can Build a more Sustainable Business

Luker Chocolate, a US based company, manufactures and sells chocolate as a raw material to other food companies. Earlier, the company evaluated the performance of its salespeople based on the number of tons of chocolate sold. However, later, it changed its mindset from B2B (Business to Business) to B4B (Business for Business), where it started working for other businesses. For instance, to help a small cookie company in growing their business, Luker’s team assisted the company and offered value-added services — at no cost. This helped the company to get its products into a major retail store in Canada, a new market. Within nine months, the sales of Luker to the cookie company increased more than two times. This example represents the importance of personal selling in executing strategies for sustainable growth.

Source: Sergio Restrepo and Efosa Ojomo (14.02.2022). “Shifting From B2B to B4B Can Build a More Sustainable Business”. <https://sloanreview.mit.edu/article/shifting-from-b2b-to-b4b-can-build-a-more-sustainable-business/> Accessed on 10/09/2022

Personal selling allows flexibility in presentation to generate sales. Sales people continuously monitor prospects reactions to a sales approach so that they can adapt their presentation based on their behavioral response. Pharmaceutical companies are encouraging ‘adaptive presentation’ in place of ‘scripted presentation’ while training their sales force in personal selling techniques. Adaptive selling is a personal selling strategy in which the way a product or service is presented changes according to the response of customer.

In today’s scenario, companies are not just focusing on the selling aspect, but are emphasizing more on building long-term relationships with customers. Companies aim to achieve this by understanding customer needs and soliciting feedback from them. Many companies depend on their sales force to find out their customers’ needs to develop solutions that meet these needs.

The intensity of the personal selling efforts and negotiation process vary from company to company which depends on various factors. The factors include the

type of customers and his needs, the nature of the product that the company sells, and the industry in which it operates.

Several behavioral, technological and managerial influences inexorably affect buyer-seller interactions and dramatically alter the way selling roles are conducted.

³Behavioral Forces: As with any survivor of nature, customers are continually adapting to their ever-changing environments. It is also not surprising that the buyer behavior dynamism has a significant effect on personal selling and sales management, including: (1) increasing customer preferences, (2) consumer avoidance of buyer-seller negotiations, (3) growing influence of giant retailers, (4) market globalization, and (5) domestic sector demassification.

Technological Forces: Technological developments, particularly in telecommunications, are perhaps the most drastic influences on personal selling and sales management today. Three key technical trends specifically affecting personal sales and sales operations include (1) automation of the sales force, (2) virtual sales offices, and (3) electronic sales channels. Automation of the selling team involves a range of technologies including laptop devices, electronic data transfer and videoconferencing on the mobile. Emerging and rapidly increasing sources of online distribution include the internet, television home shopping and online shopping. High-technology will never completely substitute the capacity of the salesperson to develop consumer loyalty, respond to subtle signals, predict customer demands, provide customized support, cultivate existing partnerships, and establish successful innovative marketing models in collaboration with customers.

Managerial Forces: Marketing and sales executives are pursuing different approaches in reaction to changing behavioral and technological factors to generate sustainable development and to establish stronger relationships with consumers. Such approaches include (1) moving to direct marketing alternatives to field selling, (2) outsourcing of personal selling and sales management, (3) blending sales and marketing, and (4) skilled salesman and sales manager certification.

However, salespeople must carry on new roles and revitalize some old ones by servicing consumers like (1) learning more about the business of their customers and taking responsibility for consumer profitability, (2) helping customers develop long-term strategic advantages, (3) discovering how to leverage their company tools to generate additional value for customers, (4) creating strong partnerships with their own customers for mutual benefits.

³ Reference- Anderson, R. E. (1996). *Personal selling and sales management in the new millennium*. *Journal of Personal Selling & Sales Management*, 16(4), 17-32.

13.4 Classification of Personal Selling

Based on the type of customer, personal selling is classified into three types – retail personal selling, Business-to-Business (B2B) personal selling, and trade personal selling. Though, the aim of personal selling is the same such as to retain existing customers and convert prospects into clients, strategies adopted by sales force differ.

13.4.1 Retail Personal Selling

Retail personal selling involves direct selling of products and services to end-customers or retail customers. Individual customers make their purchasing decisions themselves, unlike firms, where several individuals may be involved in the buying decision making. Retail consumers are directly influenced by those with whom they socialize. These may include family members or persons who belong to the same social class. Individual customers are also indirectly influenced by reference groups, which they try to relate with. Usually consumers pass through a five-step process when making a purchase.

- Stage 1: Identifying the problem
- Stage 2: Gathering information
- Stage 3: Evaluating the alternative solutions
- Stage 4: Making the purchase
- Stage 5: Post-purchase evaluation

Each of the stages in the buying process requires a different kind of personal selling strategy. Thus the company needs to decide at which stage it wants to influence the customer. The level of personal selling efforts that a sales person needs to put in also depends upon the goods the customer is purchasing.

Convenience goods such as groceries and newspapers that are routinely purchased by the customers don't require personal selling. This is because the buying process is a short one, as customers display habitual buying behavior for such low involvement products.

On the other hand, shopping goods such as consumer durables, furniture and apparel, are purchased only after making comparisons with regard to price, quality, and design. Thus, customers spend more time in gathering information, and evaluating various alternatives, before making a final decision.

Specialty goods such as high-end consumer durables or automobiles and jewelry usually have a loyal customer base. These products are differentiated by their unique features or brand identity which leads customers to make special purchasing efforts to buy those products. These goods also require less personal selling efforts.

Retail personal selling is of three types – manufacturer-consumer personal selling, retailer-consumer personal selling and telemarketing.

- **Manufacturer-consumer personal selling:** In this, when the salesperson approaches the consumer, he has no idea whether the customer is in need of the product or not. In this situation, the sales person needs to inform the potential consumer and demonstrate the product's attributes. The personal selling objective in such cases is not only to inform the customer about attributes but also to persuade them to purchase the product.
- **Retailer-consumer personal selling:** In this, customers themselves approach the seller, which implies that they are on the look-out for products to satisfy their needs. Here, customers come to retail outlets as information seekers. The objective of personal selling in such cases should be to impress the customers about the attributes at the first interaction, which encourages them to return to the stores to make the final purchase decision. Sales people at the retail outlet should guide customers in selecting the right product for their needs. The sales person needs to understand the needs of the customer and provide detailed explanation about the product that suit the customer's needs, give demonstrations to show the product attributes, and tender advice to the customer.

For example, salespeople of a leading brand inform and persuade customers in the retail outlet with the latest features of its latest product.

- **Telemarketing:** Telemarketing refers to the use of the telephone by sales people to sell products to customers. There are two forms of telemarketing – inbound telemarketing and outbound telemarketing. Inbound telemarketing involves a customer calling a marketer's call center to obtain product information. In such cases, sales people are only responding to customer queries. Companies set up toll-free numbers to enable customers to contact the company easily.

In outbound telemarketing, salespeople make calls to customers. However, outbound telemarketing has been widely criticized for invading the privacy of customers. Such criticism led to the setting up of a Do Not Call Registry.

13.4.2 Business-to-Business (B2B) Personal Selling

Personal selling is one of the most important marketing communication tools for industrial product sellers due to the complexity of the products and the buying situations.

Example: Paytm's B2B Personal Selling

According to Mint's article (2021), Paytm was recruiting more than 20,000 field sales professionals to train retailers on digital adoption. The company would pay to the recruited field sales executives up to Rs.35000 per month in

Contd.

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salary and commissions. The sales force would promote the entire range of Paytm's products including Paytm sound box, POS machine, QR codes, merchant loans, Paytm post-paid, etc.

The above information shows a B2B personal selling.

Source: Ravi Prakash Kumar (28.07.2021), "Paytm plans to hire 20,000 sales executives, offer salaries up to ₹35,000". <https://www.livemint.com/companies/news/paytm-plans-to-hire-20-000-sales-executives-offer-salaries-up-to-rs-35000-11627457956942.html> Accessed on 10/09/2022

Industrial buying takes place when a business entity purchases the product, and a group of individuals participates in the buying decision process. The individuals who are involved in the industrial process, called as 'buying center', may play different roles as shown in Table 13.1.

Table 13.1: People in Industrial Buying Process

- **Initiators**, users or others in the company who request that something be purchased.
- **Users**, who are actual users of the products, usually staff on the production floor.
- **Buyers**, who negotiate with suppliers regarding the terms of purchase, usually staff at the purchasing department.
- **Influencers**, who influence the buying process, usually consulting personnel and technical people, and market research personnel.
- **Gatekeepers**, who try to control flow of information provided by sales people. They decide on which information should be allowed inside the organization, and whom the sales people should contact.
- **Deciders**, who are authorized to take final decision regarding the purchase, usually executives at the top management level.
- **Approvers**, people who authorize the proposed action of deciders or buyers

Source: ICFAI Research Center

Not all members participate in every buying situation, which depends on the type of buying situations. There are two types of industrial buying situations – new task buying and repeat buying.

- In repeat buying situations the product buying specifications, and quantity required have already been decided. The decider and buyer are the key members involved in the decision to buy.
- In a new task buying situation, the company has to start from scratch, hence it needs to decide upon product specifications, suppliers need to be evaluated

and selected, and it needs to negotiate with suppliers regarding purchase terms. Thus all members may participate in the buying process.

A typical industrial buying process involves the following key steps.

- Identifying the problem or requirement
- Formulating specifications for the products
- Evaluating various alternatives
- Searching and evaluating suppliers
- Negotiating the sales

The personal selling strategy varies depending on the buying situation and the stage of the buying process.

Repeat buying situations: Companies have already formulated the product specifications, hence they start searching for suppliers who can provide the products according to the specifications and in the required quantities. In this situation, the buyer (purchasing department) is the key negotiator who looks for good bargains. Existing suppliers are preferred, thus it will be difficult for new suppliers to win orders from a customer.

Here, the personal selling strategy for a new supplier is to develop good contacts with the purchasing department and provide them strong reasons for selecting the company's products over the existing suppliers' products. The sales people should try to communicate the company's superiority in providing quality goods at competitive prices and with good customer support.

New task buying situation: In this situation, the complexity of the buying process increases. Here, the buyer has no clear idea about product specifications, the options available and the suppliers who can provide those products. All the members in the buying center participate in the buying process.

Thus, all personal selling strategy in such situations is to understand the customer needs and offer a product that suits the customer needs. Sales people also need to identify the key members who directly or indirectly influence the buying process and establish contacts with them.

13.4.3 Trade Personal Selling

Trade personal selling refers to the selling of products by manufacturers to channel members such as wholesalers and retailers. Channel members have fewer participants involved in the buying process. As retailers are repeat buyers, they are a good source of business for manufacturers. In trade personal selling, the personnel from the manufacturers themselves approach channel members. They make presentations to retailers about the launch of new products and their attributes. Negotiations are focused to a large extent on the price and quantities to be ordered.

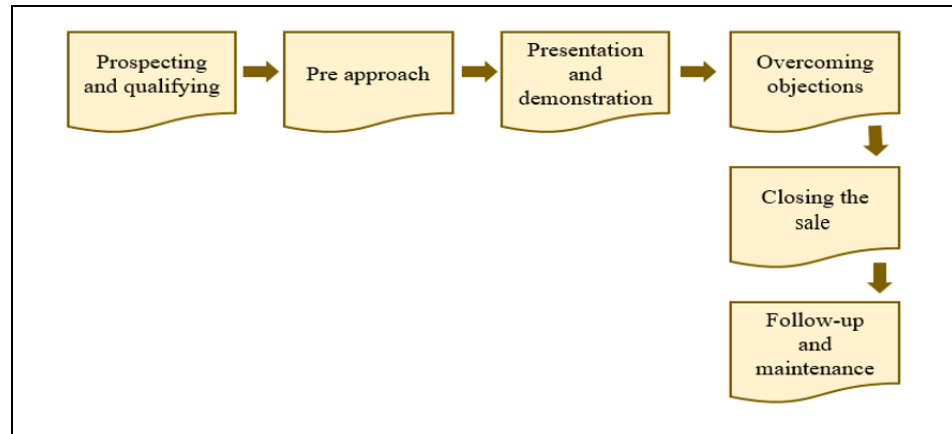
Check Your Progress - 1

1. Personal selling is ----- presentation in a conversation with one or more prospective purchasers for the purpose of making sales.
 - a) Written
 - b) Oral
 - c) Indirect
 - d) None
2. Personal selling can be classified into which of the following?
 - a) Retail personal selling
 - b) B2B personal selling
 - c) Trade personal selling
 - d) All the above
3. Which of the following is not correctly matched relationship between the people and their role in industrial buying process?
 - a) Approvers – who are actual users of the product.
 - b) Gatekeepers – who try to control flow of information provided by salespeople, and decide on which information should be allowed inside the organization.
 - c) Influencers – Consulting personnel, technical experts and marketing research professionals.
 - d) Deciders – who are authorized to take final decision regarding the purchase, usually executives at the top management level.
4. Which type of personal selling is used in new task buying situation?
 - a) Trade personal selling
 - b) B2B personal selling
 - c) Retail personal selling
 - d) None

13.5 Personal Selling Process

Companies find personal selling as an essential strategy for pushing products into channel members and customers both B2B and consumer. They are taking every effort to train their sales people in effective personal selling. Personal selling process involves 6-stages which need to be understood for effective promotion of products. The 6-stages are as follows.

Figure 13.1: 6-Step Personal Selling Process



Adapted from Kotler, P., Keller, K.L., Koshy, A., and Jha, M.(2016), Marketing Management, Pearson Education, New Delhi

13.5.1 Prospecting and Qualifying

The personal selling process starts with identifying prospective customers and qualifying the prospective customers. Sales people can identify prospective customers from various sources such as referrals, tradeshow, and networking. Existing customers may offer useful leads for the company. Sales people can also use trade shows to attract new customers. Trade shows help sales people to gather information about prospective customers. Networking is also an effective means of putting together information of potential customers. By establishing personal contacts with various companies or with various professional associations, sales people may obtain leads to prospective customers. Companies can also leverage digital media to identify prospective customers.

Companies have to qualify prospective customers whether they can buy the product. Qualified prospects are the ones who are in need of the product and have the ability and authority to buy the product. This evaluation of prospective customer is necessary because of the substantial cost involved in making sales calls to prospective customers. Qualifying prospects and making sales calls only to them, not only saves costs but also increases the effectiveness of the personal selling process.

Example: Total Cost of Ownership Technique for Prospecting

According to a Forbes article (2021), John Gleason, Chief Sales Officer at Ryder systems said that the sales reps of the firm do a TCO (Total Cost of Ownership) study for the customer, examine their maintenance data and asset strategy, and compare it to similar organizations in an analytical approach before approaching the customer, which reduce selling costs to company. The information shows a prospecting stage of B2B personal selling.

Source: Stephen Diorio (23.08.2021). Accelerating Intelligent Growth at Ryder. <https://www.forbes.com/sites/stephendiorio/2021/08/23/accelerating-intelligent-growth-at-ryder/?sh=2aad2c5d10bc> Accessed on 11/09/2022

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Consultative selling technique helps the salespeople to qualify the prospective customer to fit the product with customer needs.

13.5.2 Preapproach

The salespeople have to understand as much as possible about the prospect customers or company. In order to gain initial contact with customers, salespeople adopt various tactics. One approach is the curiosity approach, where a salesperson focuses on the product attributes that draw the attention of the prospects. Another approach is the referral approach, where the salesperson uses the existing customer reference to establish contact with the contacts.

The growth of Internet has helped sales people with another approach i.e. 'permission marketing' to meet and understand customer needs. Permission marketing is centered on obtaining customer permission to receive company information about its products and services.

The salespeople have to understand the buying process in terms of "who, when, where, how and why" in order to set call objectives: to qualify the prospect, gather information, or make an immediate sale.

13.5.3 Presentation and Demonstration

The salespeople introduce the product to the customers through presentation and demonstration. The salespeople tell the product story to the customer using FABV approach – Features, Advantages, Benefits, and Value. There are four types of sales presentations that salespeople generally focus.

- **Features focused:** Physical characteristics of a market offering such as memory capacity of a laptop and various options available with it
- **Advantages focused:** How the various features provide various advantages to the customer
- **Benefits focused:** How the advantages are beneficial to the customer in terms of technical, economic and social dimension
- **Value focused:** it is basically a customer-oriented approach where the product is described from customer eyes.

A stimulus-response strategy to selling, or a "canned" sales pitch, includes specific statements (stimulus) intended to evoke particular consumer responses. Typically, the salesperson memorizes the statement of stimuli (the pitch). This approach often relies upon telemarketers, store sales clerks and new field sales staff.

In the first phase of the product presentation, the need-satisfaction selling strategy seeks to identify the desires of the consumer, and then offer solutions. The salesperson will ask the correct questions, skilfully. He should understand the business of the customer and their prospects. After finding a requirement, the representative would then illustrate how the company's products satisfy the need.

The sales approach to problem-solution requires selling company's employees to analyse the business of the buyer. This typically includes a team of people including engineers, salespeople and other experts. The team must investigate the operations and difficulties of a potential client, and then propose feasible solutions.

Two companies together develop a common objective in the mission-sharing approach. They then share the resources necessary to achieve this mission. A partnership resembles very much similar to a joint venture.

13.5.4 Overcoming Objections

Customers generally pose objections after the presentation. Sales people need to be adept at anticipating objections and responding to such objections. Objections should be viewed as the means by which a prospective customer indirectly seeks information about the product. Objections also symbolize that a customer is interested in the product. Objections arise either due to the prospect's confusion regarding the product's match for his needs, such as product quality and price, or are simply excuse made by the prospect to avoid the salesperson, or to indicate lack of interest in the product. Thus the salesperson should analyze the objections correctly and handle them accordingly. Salesperson can follow the following approaches while handling objections.

- **Direct answer approach:** Salesperson provide specific answers to the prospect's exact question.
- **Demonstration approach:** Salesperson demonstrates the product's utility to clarify the doubts of the prospect
- **Yes-But approach:** Salesperson agrees with the prospect's objection, but overcomes the objection by putting forth the facts that supports the company's product. For example, if a prospect objects that the product is highly priced than those of its competitors, then the sales person agrees that the product is priced at a premium over other products in the market. Then he counters with another statement justifying the high price on account of better quality and better service than that offered by the competitors.
- **Case-history approach:** Salesperson quotes positive experiences of existing customers with the product. This approach is used to clear the apprehensions of a customer about the credibility of the product.
- **Propose-trial approach:** Salesperson offers a free trial of the product to the prospects, thereby giving the prospect a chance to revise his objections.

13.5.5 Closing the Sale

Closing of the sale is one of the difficult tasks in the personal selling process. The closing process involves the salesperson negotiating with prospects for the purchase of the product. Closing signs from the customer include physical

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actions, statements or comments, and questions. There are various sales techniques that a salesperson can use.

- **Direct close technique:** Salesperson may close the sale by directly requesting the prospect to place an order.
- **Single-obstacle close technique:** Prospects are convinced about purchasing the product except for one issue.
- **Choice-sale technique:** Salesperson asks the prospect about his preferences such as the color or model of the product. The response to such questions provides hints as to whether the prospect is interested in purchasing the product.
- **Silent-close technique:** Salesperson maintains silence for a short while after the presentation, to allow the prospect to make the purchase decision.

13.5.6 Follow-up and Maintenance

The salesperson's job doesn't end with selling the product to the customer. Follow-up and maintenance are necessary to ensure customer satisfaction and repeat business. Immediately after closing, the salesperson should cement any necessary details about delivery time, purchase terms, and other matters important to the customer. The salesperson should schedule a follow-up call after delivery to ensure proper installation and reduce any cognitive dissonance. The salesperson should develop a maintenance and growth plan for the account. The following techniques can be used for follow-up and maintenance:

- **Training the customer:** Training of customer regarding the operations and handling of the product can help the customer make use of the product effectively and reduce customer complaints.
- **Reassuring the customer:** Reassuring the customer that he has made the right purchase decision reduce the cognitive dissonance.
- **Periodic follow-up:** Salesperson periodically gets feedback from the customer regarding the product's performance and the difficulties that customer is facing. Such efforts enhance customer satisfaction.
- **Acting as a consultant for the customer:** Salesperson gives the customer specialized advice relating to issues like where to install the product, how to make use of the product effectively etc.

13.6 Classification of Personal Selling Responsibilities

Personal selling responsibilities can be classified into three categories according to Anderson as order taking, order getting and order supporting as follows.

13.6.1 Order taking

In order taking, the salesperson processes routine orders from regular customers. This includes accepting orders, processing orders promptly and making

suggestive selling. This task is important for nurturing and maintaining relationships with existing customers. This task doesn't require any selling efforts from the salesperson. There are two types of order taking: inside-order taking and outside order-taking.

- **Inside-order taking:** Here, the salesperson assists the customer in placing the order at the seller's place. For example, sales clerk processing the orders of customers at a retail outlet or a fast food restaurant employee accepting an order from a customer on the phone or a straight rebuy situation in the industrial product market.
- **Outside-order taking:** Here, the salesperson accepts and processes the order at the customer's place. This generally happens in industrial buying or trade buying. For example, a manufacturer's salesperson approaches the retailer to know about the stock position of its products at the retail outlet and takes an order to replenish the required stock.

Example: LIC's Salespeople Outside-Order Taking

According to a Business Standard article (2020), in the first nine months of 2019-2020, direct selling agents of Life Insurance Corporation of India (LIC) policies earned Rs. 14,220 crore in commissions by selling policies directly at the customers' place.

The above information shows the direct selling agents of LIC playing a role of outside-order taking of personal selling responsibilities.

Source: Jash Kriplani (26.02.2020), "LIC agents earn Rs 14,220 crs in Apr-Dec 2019, twice as much as MF sellers". https://www.business-standard.com/article/companies/lic-agents-earn-rs-14-220-cr-in-apr-dec-2019-twice-as-much-as-mf-sellers-120022601065_1.html Accessed on 11/09/2022

13.6.2 Order getting

In order getting, the salesperson engages in creative selling so as to increase sales and build relationships with customers. An order getter needs to identify prospective customers, and then inform them about the company's products. After this, he uses techniques to persuade the customer to purchase the product. This type of selling is used generally in selling complex industrial products and high-end consumer goods. Order getting occurs mostly during new buy and modified rebuy situations.

13.6.3 Order supporting

Order supporting personnel are not directly involved in selling the products but acts as support staff for the front-line sales personnel. There are two types of order support personnel who assist in the selling process, missionary salespeople and technical specialists.

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- **Missionary salespeople:** Here, salespeople are mainly involved in creating goodwill, brand awareness and undertaking promotional activities. For example, medical sales representatives who are involved in informing doctors and promoting their products to them.
- **Technical specialists:** Here, technical specialists assist in order-oriented sales people in selling products. They provide technical information about the products and technical assistance for installation, design of the product, etc.

Salespeople working with key customers must do more than call only when they think customers might be ready to place orders. They should call or visit at other times and make useful suggestions about the business. Salespeople should practice relationship marketing. Company has to build long-term relationship with customer.

13.6.4 Relationship Marketing

Relationship marketing is a marketing approach that aims to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met.

Personal selling has been expanded to become an important tool in the hands of salespeople to incorporate relationship marketing as an important function of it. Salespeople, now have many roles to play such as market analyst and planner, selling team coordinator, customer service provider, information gatherer, sales forecaster and marketing cost analyzer. Personal selling has become one of the important tools for sustainable customer relationships. Salespeople play a vital role in establishing long lasting relationships between buyer and seller. As the primary connection between the buying and selling firms, they have a significant impact on the buyer's perception of the reliability of the seller and the importance of the seller's services and therefore the buyer's interest in maintaining the relationship.

Check Your Progress - 2

5. What is the correct order of personal selling process?
 - a) Prospecting and qualifying – Preapproach – Presentation and demonstration – Overcoming objections – Closing the sale – Follow-up and maintenance
 - b) Preapproach – Prospecting and qualifying – Presentation and demonstration – Overcoming objections – Closing the sale – Follow-up and maintenance
 - c) Prospecting and qualifying – Preapproach – Presentation and demonstration – Overcoming objections – Follow-up and maintenance – Closing the sale

- d) Prospecting and qualifying – Presentation and demonstration – Preapproach –Overcoming objections – Closing the sale – Follow-up and maintenance
6. Salespeople tell the product story to the customers using FABV approach during presentation and demonstration. What do you mean by FABV?
 - a) F – Features, A-Advantages, B-Benefits, V-Value
 - b) F- Finance, A-Advantages, B-Benefits, V-Value
 - c) F- Finance, A-Appearance, B-Benefits, V-Value
 - d) F- Features, A-Advantages, B-Brand, V-Voucher
7. Salesperson can follow which of the following approaches while handling objections in the personal selling process?
 - a) Direct answer approach
 - b) Yes-But approach
 - c) Case-history approach
 - d) All the above
8. In which of the following, the salesperson engages in creative selling so as to increase sales and build relationships with customers?
 - a) Order getting
 - b) Order supporting
 - c) Order taking
 - d) None of the above

13.7 Merits and Demerits of Personal Selling

Personal selling has become an inevitable tool in the hands of marketers to influence customers because it offers many benefits. In spite of its merits, it also costs the company in many other ways. Nevertheless, the merits of personal selling can overshadow the demerits of it if used effectively. The following are the merits and demerits of personal selling.

Merits of Personal Selling	
Customized communication	<ul style="list-style-type: none"> The salesperson can customize his message depending upon the customer's needs and behavior. He can take targeted message to each individual customer. He should tailor the message on the basis of the customer buying stage. <p>For example, the salesperson can inform and demonstrate the product to increase awareness; offer a free trial or a price discount to influence buying</p> <p style="text-align: right;"><i>Contd.</i></p>

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Merits of Personal Selling	
	<p>preference; or, negotiate or persuade the customer to close the deal.</p> <ul style="list-style-type: none">• Personal selling is more effective than other promotional tools in communicating the message effectively. <p>For example, the deluge of advertisements and sales promotions in the market makes it difficult for companies to communicate their message to customers effectively, either due to message clutter or customer's disinterest in receiving the message. Personal selling makes a greater impact on customer preferences and attitudes than other tools.</p>
Possibility of more interaction with customers	<ul style="list-style-type: none">• Personal selling is more effective for products which require more interaction with customers to persuade them to purchase the product. <p>For example, industrial products and high-end items needs more explanation and guidance hence more interaction is needed.</p> <ul style="list-style-type: none">• Interaction can help in reducing the misconceptions about the products. Interactions also help salesperson to obtain instant feedback from customers. Such feedback can help the company understand the customer better and develop products that suit the customer's personal needs.
Building long-term relationship with customers	<ul style="list-style-type: none">• One-to-one interaction with customers gives the salesperson an opportunity to build good relationships with customers. The company can then become a partner aiding the customer in identifying the right solution for his need. <p>For example, industrial products have to be developed based on customers' requirements by understanding them over a period of time.</p>

Example: Advantage of Remote Personal Selling

McKinsey published an article in 2022, and revealed the compelling reasons why organizations that had remote sales reps were in advantage than others. One such reason was - remote sales reps reach 4X more accounts and generate up to 50% more revenue.

The above information shows the benefit of remote personal selling.

Source: Lisa Donchak, et al. (27.04.2022), "The future of B2B sales is hybrid". <https://www.mckinsey.com/business-functions/growth-marketing-and-sales/our-insights/the-future-of-b2b-sales-is-hybrid> Accessed on 11/09/2022

In spite of its many merits, personal selling faces a few demerits which are as follows.

Demerits of Personal Selling	
Expensive	<ul style="list-style-type: none">• Personal selling is fairly an expensive tool. The marketing costs of a company tend to increase as the number of customer calls increase.• In situations where the company wants to communicate with very broad market segments, promotional tools like advertising and sales promotion are more cost-effective than personal selling.
Limited reach	<ul style="list-style-type: none">• The requirement of human resources and financial resources put constraints on a company to meet large number of customers. Company fails to reach potential customers under these constraints.
Conflicts between sales and marketing departments	<ul style="list-style-type: none">• The marketing department may develop a specific message to be communicated by salespeople to customers, but the sales department may have reservations about using the promotional material and messages provided by the marketing department. This may lead to conflict between the marketing department and sales department.

13.8 Integration of Personal Selling with Other Elements of Marketing Communications

The marketing communications tools have interactive effect among themselves while influencing customers for purchasing a product. Personal selling has a limited impact if the company uses it in isolation, without using other promotional tools such as advertising and sales promotion. Personal selling is more effective when it is synchronized with other marketing communications tools. The positive impact with the integration of personal selling with other tools of marketing communications is discussed as follows.

13.8.1 Personal Selling and Advertising

Advertising is a mass communication tool that delivers a standardized message to target customers. It is a cost-effective marketing communication tool. However, advertising is a one-way communication tool with no provision for soliciting feedback from the customers. On the other hand, personal selling is a one-to-one communication tool that delivers a unique message depending upon customer needs. Personal selling also helps in soliciting feedback from customers. However, the costs involved in personal selling are high.

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The support of advertising reduces the costs involved in personal selling. Additionally, integrating the two tools helps in achieving communication objectives more effectively. This is particularly true when there are new product launches. In the initial stages of a new product launch, the key objective is to achieve good brand awareness. Advertising is an effective tool for increasing brand awareness among target customers. In the next stage the company focus should shift to improving sales for the brand by inducing trials and persuading customers to purchase the product. At this stage, personal selling is the right communication tool.

13.8.2 Personal Selling and Public Relations

Companies integrate personal selling with public relations to build brand and company image and reputation among community and customers. Customers develop an image of the brand and company based on the characteristics of the sales person such as sales person's communication style, his personality, his customer service capabilities, etc. Salespersons also perform various public relation activities informally, such as building relationships with customers through personalized messages and adopting a customer-friendly approach while selling the product.

13.8.3 Personal Selling and Digital Marketing

The explosion of digital marketing has provided multiple opportunities for companies to meet and engage customers in brand conversations. The digital media with internet on computers and mobile phones has made the world flat so that companies can connect with customers instantly without any geographic and time barrier. Digital media also facilitates social media such as Facebook, YouTube, Instagram, LinkedIn to enhance networking. Companies and customers are leveraging social media to interact with each other. Companies update the brand story and customers collect latest information about products on digital media.

Example: Sales Team using Digital Customers' Behavioural Insights

In 2022, McKinsey published a case study of one technology company (name avoided) using data around customers' internet (digital marketing) expressions to generate important signals to its sales team, like for example, how long a customer remains on a specific web page, what videos or reports are accessed by customers, and what materials are bypassed by customers. With this strategy of behavioural insights, the company was launching campaigns 3X faster, and helped its sales team in prioritizing the "warmest" category of leads and thereby increased by 10% its quarterly conversion rate.

Source: Lisa Donchak, et al. (27.04.2022), "The future of B2B sales is hybrid". <https://www.mckinsey.com/business-functions/growth-marketing-and-sales/our-insights/the-future-of-b2b-sales-is-hybrid> Accessed on 12/09/2022

Furthermore, the internet can be used to stimulate trials. Personal salespersons may meet just a portion of the potential customer base for many companies. Through interactive demonstrations or online reviews, consumers may decide if the product suits their expectations and, if so, order a personal sales call. For such cases both parties profit from savings in terms of time and costs.

Companies have started leveraging the internet to enhance their one-on-one customer relations. A company allows consumers to know more about what it has to offer by providing more information in a much more effective and efficient way. It increases the cross-selling and customer retention opportunities. Twitter has been a valuable platform for customers to share their opinions on companies or complaints, while also helping the company involved to react instantly.

The internet and personal selling are designed to be complementary tools in a well-built IMC program, working together to maximize the sales. It seems more and more companies are coming to that realization.

Personal Selling and Sales Promotion

The sales promotion and personal selling helps one another. For example, the sales force is delivering all of the promotional deals aimed at resellers, which would actually be responsible for eliminating or replacing them as well. Although commercial sales promotions are intended to help the reseller and are mostly geared at the ultimate consumer, several other promotional strategies are structured to assist the selling personnel. Flip charts, leave-behinds, and specialty ads can be configured to assist salespeople in their presentations, act as reminders, or merely build goodwill. Based on the company, the amount of materials available will vary from only a handful to hundreds. Likewise, many sales promotions target at the sales force itself. Incentives such as free trips, cash bonuses or gifts are often utilized to enhance promotional activities. And as we showed with resellers, it is easy to use contests and sweepstakes too.

13.9 Evaluation of Personal Selling

Companies have been forced to evaluate the functioning of personal selling in order to allocate financial resources more effectively. Since personal selling is done individually and collectively, companies have started evaluating the performance of salespeople on individual, team, and entire sales force basis.

Individual salesperson's performance is evaluated on the basis of qualitative and quantitative aspects. The qualitative evaluation is highly subjective, which is based on elements such as knowledge, ability, personality, motivation, and compliance. The weightage given to the various elements may vary from company to company. The quantitative evaluation involves data based on number of calls made, time spent with the customer, sales generated etc.

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Example: Cloud Analytics' Qualitative Evaluation of its Best Salespersons

In 2022, HBR published a case study of Cloud Analytics, a leading global B2B tech company, where the growing numbers in its sales team in Asia Pacific region, was effectively selling into existing accounts, but very few sales representatives were making headway with new clients. The company's regional general manager, Emily, assisted those sales reps who were not doing their best in selling to new customers, by evaluating the sales skills and practices of the best sales reps who were selling to new customers.

The above information shows how sales people are evaluated based on their sales skills.

Source: Ian Gross and James Piacentino (22.04.2022), "Is Your Sales Strategy Worth Scaling?" <https://hbr.org/2022/04/is-your-sales-strategy-worth-scaling> Accessed on 12/09/2022

The first step in performance evaluation is to set standards by the company. Company has also to decide how the standards can be measured. This helps salespeople to perform better by concentrating on the activities that help them to achieve those standards.

The measures used for evaluating personal selling can be distinguished into effort-oriented measures and result-oriented measures. Companies have to make use of these measures while evaluating the personal selling.

Effort-oriented Measures	Result-oriented Measures
Phone calls made	Sales volume
Demonstrations made	New sales vs. repeated sales
Complaints handled	Number of customers lost
Checks on stocks	Number of stock outs
Inquiries and followed up	Customer complaints resolved

Check Your Progress - 3

9. Which of the following is (are) the merit(s) of personal selling?
 - a) Customized communication
 - b) Possibility of more interaction with customers
 - c) Building long-term relationship with customers
 - d) All the above
10. Which of the following is (are) the demerit(s) of personal selling?
 - a) Very expensive
 - b) Limited reach

- c) Conflict between sales and marketing departments
 - d) All the above
11. What are the other promotional tools used by HIL Limited (Charminar brand) along with personal selling for promoting its products?
- a) Advertising
 - b) Digital marketing
 - c) Public relations
 - d) All the above
12. Which of the following are the effort-oriented measures companies use to evaluate personal selling performance?
- a) Phone calls made
 - b) Demonstrations made
 - c) Complaints handled
 - d) All the above
-

13.10 Summary

- Personal selling provides an opportunity to marketers to meet customer face-to-face and instantly assess the situation and the effects of the communication so that salesperson can adapt his message accordingly.
- The other promotional tools such as advertising, sales promotion, etc. are non-personal in nature and customers do not have any role in the communication process.
- Personal selling enables the company to communicate directly with its customers in a two-way communication.
- Personal selling is classified into three groups such as retail personal selling, B2B personal selling and trade personal selling.
- In retail personal selling, the salesperson directly communicates with the customers.
- In B2B personal selling, the salesperson sells products to industrial buyers.
- In trade personal selling, the salesperson sells products to channel members such as wholesalers and retailers.
- Personal selling process is discussed with 6-stages such as prospecting and qualifying, preapproach, presentation and demonstration, overcoming objections, closing the sale and follow-up and maintenance.
- In personal selling, salesperson's responsibilities are classified into order taking, order getting and order supporting along with relationship marketing.
- In order taking, the salesperson processes and routes orders from regular customers.

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- In order getting, the sales person engages in creative selling so as to increase sales and build relationship with customers.
- In order supporting, salesperson is not directly involved in selling products but acts as support staff for the front-line sales personal.
- Personal selling merits and demerits are discussed to understand the importance of the tool.
- Personal selling is also compared with other marketing communications tools such as advertising, sales promotion, public relations and digital marketing and the interaction among them are interpreted with suitable examples for better impact.
- Lastly, the unit evaluated the performance of personal selling based qualitative and quantitative aspects. The evaluation measures are divided into effort-oriented measures and result-oriented measures to understand the cause-and-effect relationship.

13.11 Glossary

Adaptive selling: Adaptive selling is a personal selling strategy in which the way a product or service is presented changes according to the response of customer.

Cross sell: A term used in personal selling that refers to the sale of additional products to the same customer.

Inbound telemarketing: Inbound telemarketing involves a customer calling a marketer's call center to obtain product information. In such cases, salespeople are only responding to customer queries. Companies set up toll-free numbers to enable customers to contact the company easily.

Leads: A names given to a personal sales agent as a possible consumer.

Order taking: It is a task performed by salesperson that includes accepting orders, processing orders promptly, and making suggestive selling. This task is important for nurturing and maintaining relationships with existing customers.

Order getting: In order getting, the salesperson engages in creative selling so as to increase sales and build relationships with customers. An order getter needs to identify prospective customers, and then inform them about the company's products. After this, he uses various techniques to persuade the customer to purchase the product.

Order fulfillment: The order fulfillment process involves receiving orders, processing orders, managing the inventory, and managing customer queries and complaints.

Personal selling: Personal selling is a set of activities directed at the attainment of marketing goals by establishing and maintaining direct buyer-seller relationships through personal communication.

Qualified prospects: Those prospects that are able to make the buying decision.

Relationship marketing: Relationship marketing is a marketing approach that aims to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promise.

Telemarketing: Selling products and services by using the telephone to contact prospective customer.

13.12 Self-Assessment Test

- 1) Define personal selling. Why has it become so important today?
- 2) How do you classify personal selling? Explain any two types of personal selling?
- 3) Discuss personal selling process in detail.
- 4) Discuss the merits and demerits of personal selling.
- 5) How do you integrate personal selling with other promotional tools? Discuss with an example.
- 6) How do you evaluate personal selling performance?

13.13 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021
2. Michael Branding, Social Media Marketing, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021
4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020
5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

13.14 Answers to Check Your Progress Questions

1. (b) Oral

Personal selling is an oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales.

2. (d) All the above

Personal selling can be classified into the following three types

- i. Retail personal selling
- ii. B2B personal selling
- iii. Trade personal selling

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3. (a) Approvers – who are actual users of the product

The following are correctly matched relationships between the people and their role in industrial buying process.

- **Initiators**, users or others in the company who request that something be purchased.
- **Users**, who are actual users of the products, usually staff on the production floor.
- **Buyers**, who negotiate with suppliers regarding the terms of purchase, usually staff at the purchasing department.
- **Influencers**, who influence the buying process, usually consulting personnel and technical people, and market research personnel.
- **Gatekeepers**, who try to control flow of information provided by sales people. They decide on which information should be allowed inside the organization, and whom the sales people should contact.
- **Deciders**, who are authorized to take final decision regarding the purchase, usually executives at the top management level.
- **Approvers**, people who authorize the proposed action of deciders or buyers.

4. (b) B2B personal selling

B2B type of personal selling is used in new task buying situation.

5. (a) Prospecting and qualifying – Pre approach – Presentation and demonstration – Overcoming objections – Closing the sale – Follow-up and maintenance

The correct sequence of personal selling process is: Prospecting and qualifying – Preapproach – Presentation and demonstration – Overcoming objections – Closing the sale – Follow-up and maintenance

6. (a) F – Features, A-Advantages, B-Benefits, V-Value

Salespeople tell the product story to the customers using FABV approach during presentation and demonstration. FABV stands for: F – Features, A-Advantages, B-Benefits, V-Value

7. (d) All the above

Salesperson follows the following approaches while handling objections in the personal selling process.

- i. Direct answer approach
- ii. Yes-But approach
- iii. Case-history approach
- iv. Demonstration approach
- v. Propose-trial approach

8. (a) Order getting

In order getting, the salesperson engages in creative selling so as to increase sales and build relationships with customers.

9. (d) All the above

The following are the merits of personal selling

- i. Customized communication
- ii. Possibility of more interaction with customers
- iii. Building long-term relationship with customers

10. (d) All the above

The following are the demerits of personal selling.

- i. Very expensive
- ii. Limited reach
- iii. Conflict between sales and marketing departments

11. (d) All the above

HIL Limited (Charminar brand) uses advertising, digital marketing and public relations along with personal selling for promoting its products.

12. (d) All the above

The effort-oriented measures used by companies to evaluate personal selling performance are as follows.

- i. Phones calls made
- ii. Demonstrations made
- iii. Complaints handled
- iv. Checks on stocks
- v. Inquiries and followed up

Unit 14

Public Relations, Sponsorship, Publicity and Corporate Advertising

Structure

- 14.1 Introduction
- 14.2 Objectives
- 14.3 Classification of Public Relations
- 14.4 Public Relations Process
- 14.5 Evaluation of PR Process
- 14.6 Tools for Measuring PR Effectiveness
- 14.7 Public Relations in Crisis Management
- 14.8 Corporate Sponsorship
- 14.9 Types of Corporate Sponsorships
- 14.10 Publicity
- 14.11 Merits and Demerits of Publicity
- 14.12 Corporate Advertising
- 14.13 Summary
- 14.14 Glossary
- 14.15 Self-Assessment Test
- 14.16 Suggested Reading/Reference Material
- 14.17 Answers to Check Your Progress Questions

“If I was down to my last dollar, I would spend it on public relations.”

- Bill Gates

14.1 Introduction

The information shows the importance of public relations.

India’s leading multinational conglomerate company Tata Group has appointed Edelman, the world’s largest public relations firm, to raise both its revenues and public profile in India. Richard Edelman, the CEO and President of Edelman, emphasizes the role of public relations agencies for the success of a company as follows:

“The company needs to be in a continuing conversation with stakeholders. We are to play a role in assisting the clients in establishing a stakeholder framework.

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That it rather be a role that envisages business as a force for good society. That our job is much more than just generating a quick hit in the newspaper. We are advisors as well as people who execute.”

Public Relations (PR) involves the planned promotion of products, services, ideas and images of organizations to create image and goodwill for a person, place, or event. Public relations professionals work to build mutually beneficial long-term relationships among individuals, organizations and stakeholders.

According to Public Relations Society of America, “Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics”.

Public Relations Society of America emphasizes the word ‘Publics’ in its definition to emphasize the dimension of stakeholders. Publics are the interested people that are important in some way to an organization such as present customers, potential customers, employees and potential employees, stockholders, suppliers, media, government, and opinion leaders. Stakeholders can be internal or external to an organization.

⁴A staggering number of customers are attracted by various businesses for their positive actions, generating a great deal of gratitude, thus portraying the companies in a favourable light. Increasing any of the goodwill would support them directly by sales, financial investments etc. Being a good corporate brand definitely often improves their image — there are surveys demonstrating that many people choose to shop from "green" brands, all else being equal. Or, maybe they are exactly what they claim to be — good people who matter about others!

Writing in *Advertising Age*, William N. Curry states that organizations must be careful when developing this relationship since PR and marketing are not the same thing, so when one function is powerful, the coordination needed to work at maximum efficiency. He says that losing sight of public relations objectives and functions in an effort to achieve marketing objectives may be detrimental in the long run. Others take an even stronger view that the freedom of the PR role would be compromised if public relations and marketing boundaries begin to overlap, and it will become even less effective.

Indian companies ask PR agencies to help them understand how best to communicate their messages and present them in a context that is meaningful for clients, analysts, investors and journalists. The PR industry in India is throwing many challenges and the PR experts are busy in devising tools to face all the crisis situations.

⁴ Reference (i) William N. Curry, “PR Isn’t Marketing,” *Advertising Age*, December 18, 1991, p. 18. (ii) Martha M. Lauzen, “Imperialism and Encroachment in Public Relations,” *Public Relations Review* 17, no. 3 (Fall 1991), pp. 245–55.

14.2 Objectives

After reading this unit, you will be able to:

- Understand the importance of public relations, publicity and corporate advertising in the marketing communications mix.
- Understand PR process and evaluation mechanism of PR activities
- Explore the role of PR in crisis management
- Examine various types of sponsorships for effective execution of PR programs
- Distinguish public relations, publicity and corporate advertising
- Know the various advantages and disadvantages of public relations, publicity, corporate advertising
- Assess corporate reputation, audit corporate social responsibility and create positive image building

14.3 Classification of Public Relations

Public relations officers perform PR activities aimed at varied publics such as customers, suppliers, employees, retailers, government, community, NGOs, etc. These publics share varied relationships with the organization and influence its image and well-being. The diversity of publics calls for tailor-made PR activities to solicit their support. Based on the type of publics it serves, PR can be classified into the following two groups:

- Corporate Public Relations
- Marketing Public Relations

14.3.1 Corporate Public Relations

Corporate PR activities are aimed at building mutually beneficial relationships with various stakeholders who influence the company's image in the long-run. The targeted stakeholders include employees, shareholders, customers, financial institutions, general public, government, trade unions, etc. The various types of corporate public relations are discussed as follows.

- **Internal PR:** Internal PR is focused on communication within the company with the employees. Employees act as an interface between the company and its external publics. Employees' ability and willingness to implement the company's policies make or break the company's future. Internal PR lays emphasis on promoting mutual trust by informing employees about major policy decisions and involving them in the implementation of the policies. Internal PR even extends to the families of employees. Regular meetings with employees, intranets, and in-house newsletters and magazines are the tools used by companies to communicate with their internal stakeholders.

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- **Consumer PR:** Consumer PR in a way helps promote particular products/services and subsequently increase the sales, but it has little in common with marketing. This PR discipline is specialized in presentation of products or service with an aim to make it attractive to the target consumer audience. The activities may include reposting brands, collaboration with opinion leaders such as celebrities, brand ambassador, experts etc. and educational programs.

As customers are more conscious of their purchases' potential environmental effects, products labelled as "eco-friendly," "organic," or "sustainable" have become more popular than ever before. Green advertisement statements have been an essential component in advertisements for multiple companies in reaction to increasing market desire for environmentally sustainable goods. Environmental claims are also utilized on products that are not necessarily environmentally conscious, like plane travel, water bottles and (no hybrid) cars.

Example: Consumer PR by Apna

According to The Economic Times (2022), head of marketing at Apna (a popular hiring app), Rahul Deorah, claimed that the company effectively leveraged digital technologies to connect with their target audience through micro-influencers in various regions of the nation with the well-tailored campaign #ApnaKaamAyega. This campaign demonstrated company's creativity and offered a fun method to interact with clients and give people the tools needed to be independent. The company employed PR as a tool to engage with users, impart knowledge to them, and foster a sense of trust. The information shows consumer PR implemented by Apna.

Source: BE Staff (03/05/2022). "PR is an integral part of the marketing mix and ties into the larger brand story: Rahul Deorah, head of marketing, Apna". <https://brandequity.economictimes.indiatimes.com/news/marketing/pr-is-an-integral-part-of-the-marketing-mix-and-ties-into-the-larger-brand-story-rahul-deorah-cmo-apna/91494625> Accessed on 13/09/2022

- **Financial PR:** Financial PR focuses on financial matters including investments, disclosure agreements, takeovers, adherence to government regulations, etc. Due to the complexity of the financial matters, financial PR often includes a staff of financial experts, lawyers and economists who present the client's financial matters in a way that creates and maintains a positive perception of the client in the public. Rather than with the general public, the financial PR is usually specialized in communication with the media, stockholders, businesses and the investor community.
- **Government/Public PR:** Government PR is specialized in dealing with government, regulatory bodies, local communities with an aim to influence policy making. The effectiveness of government PR depends on the PR's ability to monitor and analyze the trends in government policies and the changing attitudes of the general public towards the issues that are of interest

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to the company. Some companies also form alliances to lobby for their cause with national and international regulatory bodies or governments.

- **Crisis PR:** PR services are especially sought after in crisis situations in which PR specialists are often the best “lawyers”. The goal of crisis PR specialists is to get the situation under control in a way that causes minimal damage to the client in terms of public image and reputation. In order to prevent the client from losing good reputation, crisis PR requires excellent communication skills in order to tell the other side of the story and change the public opinion. Crisis communication PR methods may also include “spin” which, in contrary to the common perception, does not always include deceit or manipulation of the public opinion. Spin is a form of public relations that interprets an event or campaign to persuade public opinion in favor or against a company or person.
- **Media PR:** Companies try to maintain good relations with various media such as radio, television, press, and digital media including social media etc. Media PR strives to achieve objectives like creating awareness, developing and holding goodwill, and at times changing the attitude of people with the support of media.

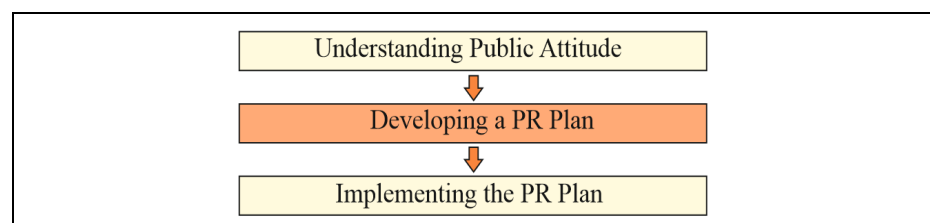
14.3.2 Marketing Public Relations

Marketing PR is aimed at commercial stakeholders like suppliers, distributors, competitors, and customers. Marketing PR aims at securing media coverage for various market related activities like product launches and golden jubilee celebrations etc. It uses tools like cultural and sports sponsorships, special events, trade shows, and publications. Marketing PR complements the various marketing activities that are aimed at improving the sales of an organization’s products among retail consumers and institutional clients.

14.4 Public Relations Process

Public relation process consists of three steps which are as follows.

Figure 14.1: Public Relations Process



14.4.1 Understanding Public Attitude

The first step is to understand and interpret the publics’ opinion and attitude towards an organization, its products and any other issue that may influence the organization. This is important as public opinion and attitudes may go far beyond influencing the sales; at times these attitudes may rub on to the employees and may prove detrimental to the well-being of the organization.

Example: Edelman Research on Understanding Public Attitude

To assist its clients in addressing topics like the COVID19 crisis, racial inequality, and economic uncertainty in 2020, the PR behemoth Edelman created more research than normal for its own use as well as that of its clients. In 2020, it published eight reports on various aspects like public attitude, environment factors, public behavior, etc. The information shows the first step of public relation process - understanding public attitude through research.

Source: Marty Swant (27/10/2020), "Meet America's Best PR Agencies 2021". <https://www.forbes.com/sites/martyswant/2020/10/27/meet-americas-best-pr-agencies-2021/?sh=1a91b7ce3ef1> Accessed on 14/09/2022

Therefore, a PR program should start with a research into the basic attitudes of the public, measure actual opinions, and identify the opinion leaders and potential problem areas. Information about these areas can be collected through a formal survey. The survey may provide the organization with input for the following.

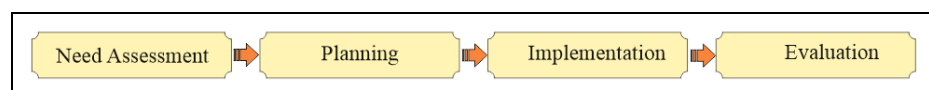
- PR planning
- Identifying impending crisis situation
- Preparing the organization to handle crisis situations
- Improving the organization's communications with publics

14.4.2 Developing a PR Plan

In many organizations, PR programs are limited to an inconsistent set of new product announcements, press releases, trade shows, and press kits. These activities are not carried out as a part of a well-planned PR program, and as a result, these organizations fail to leverage the full benefits of PR programs.

Organizations should consider PR as an ongoing activity and prepare proper plans as for any other marketing activity. A well-developed PR plan will enable an organization to assess the present situation, establish appropriate objectives, and exercise greater control over the various PR programs aimed at fostering conducive relations with different publics. A good PR plan will also help the organization in prioritizing its activities or programs. A PR plan can be developed using the four-step process given below.

Figure 14.2: Developing a PR Plan



Source: ICFAI Research Canter

- **Need Assessment:** This step involves identifying and defining problems from a PR perspective. It involves gathering input from PR research, which includes data gathered from various publics using formal and informal surveys. A PR problem can also be defined by a thorough review of

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institutional records that document the results of demographic studies and learning from earlier PR programs.

- **Planning:** It involves the actual PR plan. It provides details about the target publics, tactics, and strategies that will be used to achieve the PR objectives, the timeframe and budgets, the message that will be delivered through the PR programs, and the PR tools that will be used to reach the target publics.
- **Implementation:** This step details how the activities listed in the above will be implemented.
- **Evaluation:** This steps deals with the methods to be used to measure PR effectiveness.

14.4.3 Implementing the PR Program

Once the target publics are identified, their attitudes measured, and appropriate PR programs are in place, an organization should identify various media that can be used to implement these programs. The media used to implement a PR program should meet the specialized needs of the target publics. Some of the media tools used in PR are discussed below.

- **Personal communication:** Personal communication is the most potent tool that an organization can employ to convey its message to both internal and external publics. Personal or verbal communications can be used effectively to communicate with employees. Managers can make presentations to their employees to inform them about the strategic decisions taken by the top management, and explain to them their role in implementing the decisions. Special emphasis should be laid on the behavior of the speaker who addresses press conferences, as it will have profound effect on the image of the company. The PR department implements PR programs by arranging for an organizational representative to address the audience. Thus, personal communications play a major role in handling public affairs, or addressing financial publics.
- **Printed communications:** Printed communication is an important tool that facilitates PR activities. Printed communications make use of direct mail for sending press releases to media, investors, and financial institutions. Printed communication also takes place via newsletters or in-house magazines that are distributed to employees, distributors, agents, and customers. Most of the literature used for PR activities is presented in the form of leaflets, folders, booklets, and books. Organizations also print special diaries, cards, and posters and distribute them to their customers and other publics on special occasions like annual day, New Year day or on other festive occasions. The communications are aimed at educating publics about the organization and its products.
- **Press Release:** The press release is the most sophisticated PR tool available to an organization. Press releases are used to release news to the press at an

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appropriate time. The primary objective of a press release is to convey information to the right publics at the right time. This requires dissemination of maximum PR related information to the target publics, through media like newspapers, magazines, and digital media. Usually, organizations send to journalists, press releases containing information about new product launches, other achievements, and new appointments at the top management level.

- **Visual Communication:** Visual communications play a major role in increasing the credibility of a press release. Visuals include photographs depicting the event or the information described in the press release. Visuals are an important tool as many publics consider them to be more authentic than plain printed news.
 - a. **Films:** Films can be used as a medium to develop public relations and mobilize public opinion. They are costly and only large organizations can afford to communicate with their publics through documentary films. However, modern video technology has made films more affordable to small players.
 - b. **Television:** Television is a powerful media to address a mass audience. An organization can send its representatives to participate in TV programs that debate on issues of interest to it. Apart from putting forward its stand on various issues through TV, it can also use TV to create awareness about the new products or technologies being produced by it. In addition, television can give adequate coverage to the events sponsored by organizations. Television channels dedicated to news and business provide specialized avenues for public relations.
 - c. **Exhibitions:** Trade exhibitions provide an opportunity to organizations to interact with their customers or corporate clients. The very fact that exhibitions draw a huge number of prospective buyers to one place, offers a fertile ground for PR maneuvers. Usually, prospective buyers visit exhibitions to find out the variety of products available in a particular category. Big business houses send their technical or purchase personnel to exhibitions to analyze the evolving trends in technologies and products. These representatives look out for opportunities to update their product knowledge and find out whether any substitutes are coming into the market. Therefore, organizations participating in exhibitions use the opportunity to network with prospective customers by providing them product details and demonstrating the products. Certain prospective customers are also invited by the organizations to visit their manufacturing units.
 - d. **Sponsorships:** Providing sponsorships to events of public interest have always been a potent PR tool used by organizations. Apart from promoting an image of good corporate citizenship, sponsorships can give high visibility to a company and its products. Sports, art exhibitions,

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concerts, and community welfare programs are the favorites for corporate sponsorships. Sponsoring-linked marketing, while being able to create recognition and identity in the manner that advertising does, has more ability than conventional promotional strategies to affect consumer engagement as it connects with an individual's passion for something — be it sport, art, culture or charity. Sponsorship may take several forms. Examples include (1) venues / equipment / things, (2) activities / events/ programming, (3) groups / persons, (4) organizations / leagues / associations

- e. **Blogging and Social Media:** Companies are engaged with stakeholders online in many ways such as blogging and microblogging. Companies establish a two-way communication with the customers and interact informally by creating a blog. Social media such as YouTube, Twitter, Facebook etc. have become inevitable tools to influence and change public's attitude towards an opinion. Companies use social media to establish direct communication with consumers, investors and other target groups.

Check Your Progress - 1

1. Who made the statement, "If I was down to my last dollar, I would spend it on public relations"?
 - a) Steve Jobs
 - b) Bill Gates
 - c) Rata Tata
 - d) Warren Buffet
2. Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their *publics*. Which of the following implies the word '*publics*'?
 - a) Customers
 - b) Employees
 - c) Shareholders
 - d) All the above
3. Which of the following is focused on communication within the company with the employees, who act as an interface between the company and its external publics?
 - a) Consumer PR
 - b) Internal PR
 - c) Crisis PR
 - d) Financial PR

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4. Which of the following complements the various marketing activities that are aimed at improving the sales of an organization's products among retail consumers and institutional clients?
 - a) Consumer PR
 - b) Media PR
 - c) Public PR
 - d) Marketing PR
 5. What steps are involved in public relations process?
 - a) Understanding public attitude, developing a PR plan, Implementing the PR plan
 - b) Developing a PR plan, Implementing the PR plan, Understanding public attitude
 - c) Understanding public attitude, Implementing the PR plan, Developing a PR plan
 - d) None of the above
 6. Which of the following media tools are used to implement the PR programs?
 - a) Press release
 - b) Films
 - c) Exhibitions
 - d) All the above
 7. Toyota's 'Buckle up for life' program promotes which of the following?
 - a. Critical safety behaviors for families.
 - b. Free child car safety seats
 - c. Safety curriculum to Hispanic and African American church congregations
 - d. All the above
 8. An effective press release should incorporate which of the following tips?
 - a. Address to the right person
 - b. Make it newsworthy
 - c. Use journalistic style
 - d. All the above
-

14.5 Evaluation of PR Process

PR evaluation process involves assessment of the success or failure of PR strategies, activities, and tactics in producing the desired outputs, outtakes, and outcomes. PR evaluation aimed at monitoring the success of PR efforts in

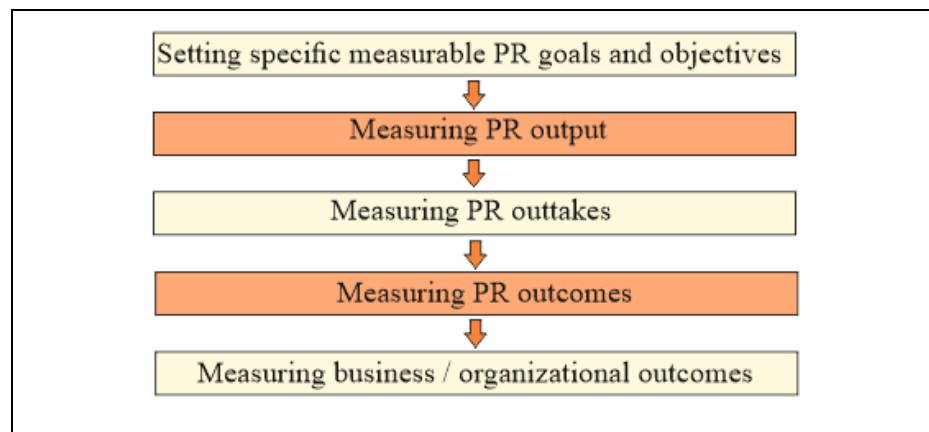
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establishing the required relationships between the organization and its varied publics and improving them over a period of time.

PR measurement and evaluation has become important as the budgetary allocation of PR activities increased. Organizations have many questions about the actual effectiveness of their PR activities. They want their PR professionals and agencies to be accountable for their activities. Therefore, the pressure to measure and evaluate PR effectiveness increased. This led to the development of various criteria and frameworks for measurement and evaluation of PR effectiveness.

A reliable PR evaluation process consists of five steps as follows.

Figure 14.3: PR Evaluation Process



Source: ICFAI Research Center

14.5.1 Setting Specific Measurable PR Goals and Objectives

The success of a PR evaluation process depends upon the clarity of the objectives against which the PR results are measured. Therefore, the evaluator should first identify the goals and objectives of the specific PR programs and find out whether these objectives can be stated in quantifiable units. In practice, it is very difficult to assess the effectiveness of PR in totality. Therefore, the evaluator should approach the evaluation process in a phased manner. He should measure the effectiveness of every individual component of PR and collate them to arrive at the effectiveness of the PR effort of the organization.

For example, the effectiveness of public affairs, trade exhibitions, community programs, annual meetings, and financial PR should be measured against objectives set for each of the activities. This will form the basis for the evaluation of the effectiveness of the overall PR effort of the organization.

Organizations should take adequate care to ensure that the PR objectives are linked to the overall business goals and objectives like increasing the stock price, market share, productivity, sales, and decreasing employee turnover. PR

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objectives can be integrated with the organizational goals by answering certain basic questions as follows.

- What are the objectives of the top management and what are the potential drivers or obstacles to achieving the objectives, from a communications perspective?
- How are stakeholders likely to respond to management decisions?
- What responses would the management like from target publics?
- How can PR effort help the organization achieve these responses?
- What role is assigned for PR in the overall marketing communications program and what responses can be better achieved by PR activities rather than other marketing communications components like advertising and sales promotion?

14.5.2 Measuring PR Output

Early results that a PR program, activity or a tactic generates in the short term is considered as PR output. Usually, the output is the most tangible response shown by the target audience immediately after being exposed to a PR program.

For example, press relations output can be the number of stories, news articles or total number of impressions the organization gets after a press release. Many organizations use media content analysis to measure the effectiveness of media output.

Example: Marketing for Wellness PR Evaluation

According to a Forbes article (2021), a company named Marketing for Wellness monitors influencer behaviour using measures like website visits, referrals, and registrations. It focused on advertising efforts that benefit its customers. The information shows how the company is measuring PR output.

Source: Forbes (12/05/2021). "12 Methods to Accurately Measure The ROI Of Influencer Marketing". <https://www.forbes.com/sites/forbesagencycouncil/2021/05/12/12-methods-to-accurately-measure-the-roi-of-influencer-marketing/?sh=29908f881a01> Accessed on 14/09/2022

Some of the media output measurement options that an organization can consider are as follows:

- **Impressions:** Readership (as opposed to circulation) of clips i.e. the number of target audience who may have been exposed to a news article or story.
- **Ad Value of PR:** The equivalent advertising value of media coverage resulting from a PR effort.
- **Cost:** The cost per media impression or the cost per thousand of a campaign.
- **Frequency:** Number of times exposure was gained.
- **Reach:** The degree of coverage across target audience.

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- **Prominence:** How and where the coverage occurred within specific media.
- **Message delivery:** Did the story deliver specific pre-determined messages?
- **Tone:** Was the story positive, neutral or negative?
- **Share of Ink:** Total amount of coverage devoted to a topic i.e. quantitative measurement of volume of coverage against competitors in areas, such as media type, article type, and prominence.

14.5.3 Measuring PR Outtakes

Measurement of PR outtakes concentrates on finding out whether the target publics received the message in the form that is intended by the organization and whether they understood and retained the message so that it can be recalled when required. Measurement of PR outtakes is important as one would like to know what input the target audience gathers from a particular PR effort. One of the popular measures is the favorable or positive attitude shown by an audience towards a PR effort or the various components of that effort.

For example, the PR outtakes can be measured on parameters such as understanding, recall and interest.

14.5.4 Measuring PR Outcomes

Outcomes are the end responses that a PR effort aims to achieve from its target audience. These responses can be changes in opinions, attitudes, and behavior. Outcomes of a PR program are not immediate. Outcomes are responses from the target audience that occur in the long run as a result of consistent exposure to various PR efforts. It is difficult to measure PR outcomes since they are not immediate and visible just after a PR effort. Since PR outtakes and outcomes are qualitative in nature, in depth analysis, reviews and analysis of the responses are required for measuring them. The measurement process involves the use of various statistical tools and survey techniques like correlation and regression analysis, multivariate studies, focus group, and qualitative attitude surveys.

14.5.5 Measuring Business/Organizational Outcomes

The ultimate of PR evaluation is to find out to what extent the PR outcomes have contributed to the achievement of business/organizational objectives and goals like increasing the market share, sales, and profitability. Favorable PR outcomes of a PR effort are of no use if they do not contribute to the business/organizational objectives. Measuring business/organizational outcomes requires a thorough understanding of the interrelation between PR efforts and organizational outcomes. Many PR specialists conduct research to find out the impact of PR efforts on sales. This is because many organizations believe that PR plays a major role in generating leads for a purchase decision. However, the resulting sale may not entirely be the achievement of a PR effort. The sale is a result of the customer's internal urge to possess the product and the influence of other

marketing mix elements like product features, price, place and promotion like advertising and sales promotion.

14.6 Tools for Measuring PR Effectiveness

An organization can use many tools and techniques to measure the PR results i.e. PR output, PR outtakes, and PR outcomes. Some of the most effective and popular tools are as follows.

	PR Results	Tools for Measuring PR Effectiveness
1	Measuring PR Output	<ul style="list-style-type: none">• Media content analysis• Cyber space analysis• Trade shows and Event measurement• Public opinion polls
2	Measuring PR Outtakes	<ul style="list-style-type: none">• Awareness and Comprehension measurements• Recall and Retention measurements
3	Measuring PR Outcomes	<ul style="list-style-type: none">• Attitude and Preference measurement• Behavior measurement

Example: Wizikey's News Score

The first integrated statistic in the industry to quantify news visibility is Wizikey's News Score. The amount of news, the prominence of the headlines, the audience reached by media, and readership all affect the score. The purpose was to help brands understand where they were in terms of their exposure using the firm's metric News Score, which analyses PR (Public Relations) and communications, according to Anshul Sushil, co-founder and CEO of Wizikey, in a statement regarding the report for 2021. The information shows how PR effectiveness is measured through News Score.

Source: Press Trust of India (20/12/2021), "Reliance is India's most-visible corporate in media: Wizikey report". https://www.business-standard.com/article/companies/reliance-is-india-s-most-visible-corporate-in-media-wizikey-report-121122000868_1.html Accessed on 14/09/2022

14.6.1 Tools for Measuring PR Output

- **Media Content Analysis**

Content analysis can be defined as any technique for making judgments about communications, reports, comments, or messages by using a systematic approach to evaluate the content variables of the messages. The major objective of this analysis is to determine whether the key themes and messages released by the organization get media coverage.

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The news media reports can be from radio broadcasts, television reports, or newspaper articles. Some of the variables of media content analysis are given below.

- **Length of the report:** Length of broadcast or number of newspaper columns
- **Placement of the report:** Cover story, headlines in news, a featured story on page one, or a column in the newspaper
- **Subject of the topic:** The source of the content, the context, the prominence given to the organization in relation to the competition
- **Key messages:** The important theme or messages as stated by the sources, quoted in the report, or implied as the overall theme of the report
- **Visuals:** Pictures, word analogies, or anecdotal stories as the overall theme or background information provided about the company, its products, or services
- **Favorability:** Whether the news is favorable or whether it contains negative words or phrases, which will influence the behavior of the target publics

• Cyberspace Analysis

The digital space has turned out to be a major source of information for many publics. Consequently, it has become important for organizations to measure their image and reputation projected by the internet web pages and mobile space. Usually, editorials on the web are comments on the news appearing in the regular media such as TV, social media, and newspapers. Therefore, the output on the web and mobile will be the postings on the net. This kind of output can be measured by monitoring website traffic patterns. This can be done on the basis of variables like the number of hits, pages visited and time spent on each page, number of registrations for membership, and amount of feedback.

• Trade Shows and Event Measurement

Trade shows, special events, and meetings are the most common tools used by organizations to improve public relations. Usually, these programs help an organization gain exposure for itself along with its products and services.

The output measures of trade shows and events from a PR perspective can be the number of individuals' present, type of audience, promotional material distributed, and the number of requests for interviews from the media to cover the trade show or event. Carrying out media content analysis can assess the quality of the media coverage resulting from these events.

• Public Opinion Polls

Opinion polls are usually used to understand the outtakes or outcomes of a PR activity or program. However, the polls can also be used to measure output like

the exposure gained by a PR event. For example, an opinion poll just after a guest lecture organized by a software training institute can help the institute to find out whether the lecture has succeeded in communicating the message and establishing the importance of a new software that would enhance job opportunities. Organizations can also organize special events or contests to check the effectiveness of a promotional campaign undertaken by the recent past.

14.6.2 Tools for Measuring PR Outtakes

Surveys, ethnographic studies, and experimental research are some of the tools and techniques companies use to measure the PR outtakes as follows.

- **Awareness and Comprehension Measurement**

The initial step in measuring the PR outtakes is to measure whether the target audience received the message, paid attention, and understood the message as intended by the sender. Measuring awareness and comprehension requires an organization to conduct primary research (qualitative and quantitative) involving sample audience representing the target publics. Qualitative research is carried out using techniques like focus groups, consumer interviews, and convenience polls. The sample audience used for qualitative research is selected randomly. Quantitative research is conducted by using highly structured questionnaire and the results can be projected to represent the larger audience.

An organization should carry out research before and after a PR event to find out the level of change (awareness and comprehension) brought about in the target publics.

- **Recall and Retention Measurement**

The ability of the public to retain and recall the message delivered through the PR efforts play a major role in the end outcomes, i.e. changes in the opinions, attitudes, and behavior. PR professionals seldom measure the level of recall and retention, but advertising professionals often do this. Measurement of the recall and retention of outtakes is imperative as they influence the outcomes.

Recall and retention levels among the target publics can be measured by undertaking follow-up studies. The studies can be conducted through the use of personal interviews, telephone, e-mails, or any other data collecting technique. Generally, publics are not capable of differentiating between advertising and public relations. Therefore, measurement of recall and retention of messages disseminated by PR becomes difficult. While conducting follow-up surveys, the evaluator should ensure that the publics being surveyed are aware of the differences between advertising and public relations.

- **Tools for Measuring PR Outcomes**

A PR practitioner can use experimental designs and multivariate analysis for measuring PR outcomes like opinions, attitudes, and behavior. Some of the PR outcome measures include are as follows.

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• Attitude and Preference Measurement

Evaluation of publics' opinions, attitudes, and preferences play a major role in the measurement of the overall effectiveness of a PR program. Measuring opinions is a relatively easy job when compared to attitude measurement. Opinion research involves asking a few questions to find out what people say about something.

les consisting of individuals from various publics like general public, employees, shareholders, financial institutions, consultants, and the government.

Behavior Measurement

Attitude research is more complex as it does not stop at what people have to say about a company or a product. It goes beyond and tries to probe into their mental and cognitive predispositions, emotions, and their levels of motivation to behave in a particular way. Therefore, attitudinal research is more expensive and time consuming as it requires probing and collection of data from the audience using indirect means. The questionnaires used for this purpose contain several indirect questions to probe the audience's deeper motives and predispositions.

PR activities are also aimed at changing the preferences of the audience towards an organization, its competitors or its products. Exposing them to PR output like news articles, and editorials can change the preferences of individuals. Therefore, research should concentrate on measuring the impact of PR output on changes in preferences.

- **Opinion, attitude, and preference measurement can be done by using focus groups, quantitative and qualitative surveys, and expert panels. These measurements should be done on samp**

The goal of any PR activity is to elicit favorable behavioral changes in the target audience. Measurement of behavioral changes is a complex task as it is very difficult to establish that the behavioral changes are the result of a particular PR effort. Therefore, PR professionals should design programs that are focused and have well defined behavioral responses in mind.

Measurement of behavioral outcomes requires various data collection tools, techniques, and sophisticated statistical methods to tabulate and interpret the trends. The crucial step in behavioral outcome measurement is establishment as a correlation between causes (PR program) and result (behavior of publics). Here, the researcher has to prove that a particular outcome has resulted from a cause, that there exists a relation between them and it is not a result of another variable.

14.7 Public Relations in Crisis Management

Public relations play a crucial role in dealing with crisis situations. The crisis may arise from the contamination of a product

An effective PR department will always be prepared with a set of tactics to handle any type of crisis situation. Organizations are always at the risk of some crisis or

other arising in their relations with different publics. The wide media coverage about a crisis magnifies its ill effects on the organization. Public interest groups and regulatory bodies closely monitor crisis situations and the response of organization towards the crisis. Therefore, preparing for crisis management is one of the key responsibilities of an organization's PR department.

An effective PR strategy lays emphasis on gaining goodwill of varied publics during peacetime. This is done keeping in mind that the support of these publics will be required in times of a major crisis. Organizations should build a positive image by gaining the trust of their customers and other publics. Organizations can build trust by communicating with the customers, solving their complaints, and being honest in their dealings with the public. Although these PR activities are time consuming and at times costly, they help build goodwill that comes in handy in decreasing the negative impact of a crisis situation.

Any amount of goodwill will not be sufficient for an organization if it fails to handle a crisis situation effectively. Instead of waiting for the crisis to unfold and reacting to it, every organization should have an archive of scenarios relating to prospective crisis situations and strategies for dealing with them. For example, an organization dealing with food products should be prepared to handle a food poisoning crisis or any other controversy that may arise from its products.

The success of an organization in handling a crisis situation depends on how well it organizes its communications with varied publics. Some of the rules that are to be followed while addressing a crisis situation are given below.

- **Appoint a single formal spokesperson:** Most of the damage is done in the initial hours of the crisis when every executive in the organization gives his own assessment of the situation, often resulting in contradictory statements. To avoid this, an organization should appoint, train, and equip a single person to answer all internal and external queries about the organization's role in a crisis. It is appropriate that an employee at a suitably senior position should take over the responsibility of a primary spokesperson during a crisis. Having a single formal representative ensures consistency in the communications to various publics, and minimizes the chances of rumors.
- **Be open and honest:** Being open and honest in communications right from the initial stages of the crisis can put an end to the rumors relating to the crisis. Organizations should act fast to give a clear picture of their role in the crisis without trying to hide any facts. Organizations should understand that even if they try to hide facts or misrepresent them, the media and other public interest groups will find out the truth later and this will lead to erosion of goodwill.

Example: Openness and Honesty of Bhavish Agarwal

Ola Electric, the most awaited EV scooter venture of Ola Group started building Ola Electric Future factory spread across 500 acres in Tamilnadu in February 2021, and completed the whole work and started operating within

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seven months. It received huge bookings – more than one lakh in just 24 hours, when it opened a limited booking window in July 2021. With this overwhelming response, the company started delivering e-scooters in December 2021 (within five months from unveiling e-scooters). However, soon after the delivery of e-scooters, the company started receiving massive complaints from customers on the issues like battery performance, reverse running mode, heat, software, panel gaps, and so on. This fuelled up by negative publicity in March 2022, when an Ola e-scooter suddenly caught fire in Pune. This brought down the demand of Ola e-scooters and thereby decreased its sales figures. In response to this negative publicity, Bhavishh Agarwal (CEO) admitted that there were issues with the product and the company was fixing the issue very fast, and assured the quality standard checked. The information shows how Bhavishh Agarwal dealt with PR in crisis management.

Source: Shubhodeep Chakravarti (24/04/2022), “Ola Electric fire: Bhavishh Agarwal responds to govt warning for erring firms”. <https://auto.hindustantimes.com/auto/news/ola-electric-fire-bhavishh-aggarwal-responds-to-govt-warning-for-erring-ev-firms-41650773273477.html> Accessed on 16/09/2022

- **Employee Trust:** Managing employee opinion about a crisis is a major aspect of any crisis management program. Ill-informed employees can be sources of rumors and these rumors hurt the organization when they are put into circulation via mass media. Therefore, in times of crisis, an organization should ensure that its employees are well informed about the unfolding crisis and they communicate in a consistent tone with the external publics. Coordination among the employees also helps the organization in checking contradictory statements. This is more important when the crisis is related to a disaster in a manufacturing unit, leading to loss of life and property.
- **Address Public Concerns:** While planning its response to a crisis situation an organization should identify and address the concerns of the public. Addressing public concerns helps the organization project a socially responsible image and this goes a long way in pacifying the affected publics.
- **Legal limitations:** The person or group handling public relations activities should take the legal counsel’s advice before disseminating any information. They should know what information to release and what should not be released. However, one should ensure that the legal advice does not severely curtail the openness in communications of the organization.

14.8 Corporate Sponsorship

Corporate sponsorship is a tool of marketing communication to build corporate image where a company pays for all or some of the costs associated with a project or program. Companies can have their logos and brand names displayed along with the projects sponsored, with the specific mention that the company has

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provided funding. Corporate sponsorship take variety of forms and non-profits occupy a major share due to their inability to fund themselves. Corporate sponsorship is entirely different from philanthropy. Philanthropy doesn't expect any return whereas corporate sponsorship has an image building dimension with an eye on increasing sales in the long-run.

Example: TCS Sponsoring Marathon

According to The Economics Time article (2021), for the next eight years, Tata Consultancy Services (TCS) would invest up to \$320 million on marathon sponsorships. As a result, it would rank among the top spenders on the running competition. The information shows corporate sponsorship of event.

Source: Reeba Zachariah (22/07/2021), "TCS to spend \$320 million on marathons". <https://timesofindia.indiatimes.com/business/india-business/tcs-to-spend-320mn-on-marathons/articleshow/84623876.cms> Accessed on 16/09/2022

14.9 Types of Corporate Sponsorships

Companies allocate special budget for sponsorship because they find the benefits of wider reach and low risk in sponsorships. But choice of sponsorship program is important because it can incur huge costs. The following are various types of sponsorship programs as follows.

- Sponsoring causes and cause marketing
- Sponsoring special events
- Sponsoring establishments
- Sponsoring festivals and fairs
- Sponsoring Associations

14.9.1 Sponsoring Causes and Cause Marketing

When a company sponsors a non-profit or charitable program the sponsorship activity is referred to as cause marketing. Companies sponsor for the causes and at the same time are interested in corporate image and have profit-oriented expectations.

14.9.2 Sponsoring Events

Companies make a choice of various events such as sponsoring a match, a team, a player, an orchestra, an artiste, an annual craft exhibition, a rock concert etc. to promote its products, brand, and image.

14.9.3 Sponsoring Associations

Companies make association with an event such as becoming the official sponsor of that event for many years to showcase/promote its brand.

14.9.4 Sponsoring Establishments

Companies often secure naming rights to a structure to promote the brand.

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14.9.5 Sponsoring Festivals and Fairs

Companies use various occasions such as festivals and fairs for their sponsorship so that awareness about their brands can be created among the visiting customers

Example: BMW Sponsors Festivals and Fairs

According to a Forbes article (2020), BMW had a strong commitment to the arts where it offered direct funding of concert orchestras, festivals, and art galleries. The London Symphony Orchestra, Art Basel, Frieze Art, Paris Photo, Art D'Égypte, and the London Tate Modern all profited enormously from this support. The information shows effect of sponsoring on festivals and fairs.

Source: Nargess banks (25/06/2020), "How Brands Can Benefit From Arts Patronage, BMW Culture Lead Thomas Girst Explains". <https://www.forbes.com/sites/nargessbanks/2020/06/25/bmw-art-basel-ninth-art-journey/?sh=3728ef673a2e> Accessed on 16/09/2022

14.10 Publicity

Publicity is the act of getting the media attention or getting ink and gaining visibility with the publics. Publicity is a non-personal communications regarding a product or service or idea, or an organization not directly paid for or run under identified sponsorship. Publicity is a subset of the public relations effort. The following are the differences between the publicity and the public relations.

Publicity	Public relations
Short-term approach	Long-term approach
Not always under company control	Under company control
Can be both positive and negative	Positive

People trust more publicity because it is not perceived as being sponsored by the company. Customers consider publicity as more objective and place more confidence in it. Another explanation for the power of publicity is its news impact, and the frequency of exposure it generates. When the publicity is positive, companies get more positive rating for its products and services i.e. gaining free advertising in the press.

Always, the control of publicity is not in the hands of the company. Company needs to respond to the potential threat created by media because the negative publicity may damage the company reputation in the short and long-run.

Marketers want to have as much control over the date and location where the information is released as practicable. One way to achieve so is through the video news release (VNR), a piece of advertising created by marketers so that stations can report it as a news story. The videos almost never state that the target company produces them, and most news stations do not say this either.

Example: Negative Publicity of Patanjali

In November 2020, a report on honey adulteration from Centre for Science and Environment (CSE), a Delhi-based not-for-profit organization revealed that Patanjali Honey failed all tests of purity. People started trolling against the brand on twitter as #BoycottPatanjaliProducts. The information shows that the report from CSE on honey adulteration led to the negative publicity of Patanjali.

Source: Apoorva Nijhara (15/12/2020), "Here's Why People Are Trending Boycott Patanjali And Making Memes On Baba Ramdev". <https://www.mensxp.com/entertainment/bollywood/83485-people-are-trending-boycott-patanjali.html> Accessed on 16/09/2022

14.11 Supreme Merits and Demerits of Publicity

Publicity offers many benefits to a company at the same time negative publicity may damage company reputation. The merits and demerits of publicity may help or damage the brand equity of a company. The various merits and demerits of publicity are as follows.

- **Company control:** Publicity and especially the negative publicity are not under the control of the company. The timing of the press release is in the hands of the media to reach the customer because unless the news has high value endorsement by media is difficult.
- **Loss of credibility:** When a company fails to follow its promises, stakeholders are likely to question the credibility of company's current and future messages. Regaining credibility is very difficult and takes longer time. Negative publicity through word of mouth and social media spreads fast and takes years to repair the damage.
- **Impact on Sales:** Negative publicity damages the sales growth of a company. When channel members have negative impressions about the company or product, product accessibility becomes difficult because they stop keeping the product in the stock. When intermediaries have negative impressions, product cannot reach the customers.
- **Dilution of brand Value:** Brand value suffers as a result of bad publicity. Toyota had to recall their products due to safety issues. Rumors, even though they are wrong, can affect sales negatively.

Example: False Rumours on Meesho

According to Business Standard article (2022), Vidit Aatrey, founder and CEO of Meesho said influencers have been paid to spread rumours about the firm. A notice has apparently been given to the agency's CEO that hired the influencers for this purported slander campaign. It was just one of the many influencer marketing firms that sprang up all across the nation as Meesho was

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striving to connect with the 400 million active social media users. The information shows how negative publicity caused trouble to the company and diluted Meesho's brand value.

Source: Krishna Veera Vanamali (13/06/2022), "Has the Meesho incident highlighted the flip side of influencer marketing?" https://www.business-standard.com/podcast/companies/has-the-meecho-incident-highlighted-the-flip-side-of-influencer-marketing-122061300047_1.html Accessed on 16/09/2022

- **Distort brand association:** During bad publicity, negative feedback enters customer's mind faster than positive feedback. Bad publicity can contribute to negative brand association, which can in turn reduce sales over time. Changing attitudes and brand associations can take a great deal of time and can also be costly, as a company might be forced to invest in additional advertising and campaigns to correct negative attitudes. Distorted brand association also leaves room for competition to move in on a customer base, which can also reduce sales.
- **Misinterpretation:** Often media perception and company press release differ due to misunderstanding of business jargon. Sometimes the information gets lost in translation and is not reported the way the company wishes it to be.

14.12 Corporate Advertising

Corporate advertising promotes company as an entity rather than single out any product or service. Corporate advertising is specially designed to promote the company as a whole in order to enhance its corporate image and position the company as distinct from competitors.

Corporate advertising objective is to build company image, reputation and corporate brand awareness among publics. Corporate advertising also communicates company's views on social causes, environmental issues, or business practices etc. to represent its unique identity as a corporate citizen. Corporate advertising targets both the internal and external customers because image building is a two-way activity. Companies can use corporate advertising to enhance its image and communicate the audience about its vision, mission and long-term goals.

Types of Corporate Advertising

Image Advertising - One aspect of corporate advertisement is dedicated to promoting the overall image of a company. Image advertising may accomplish a myriad of purposes like building credibility both internally and externally, creating a position for the company and generating resources both human and financial resources.

Event Sponsorships - Corporate sponsorships of charities and causes have been a common method of public relations. Though some businesses support particular activities or causes with more traditional public relations purposes in mind, a new

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and more marketing-oriented usage of sponsorships is now on the rise. Anything from apparel and equipment to concerts, stadiums, and college football championship games is now widely used for corporate sponsorship.

Advocacy Advertising - A third major type of corporate advertising addresses societal, business, or environmental problems. Such advocacy advertisement involves the propagation of ideas and the elucidation of contentious societal problems of public importance in a manner that promotes the sponsor's interests. While still projecting an identity for the company or organization, advocacy advertising does so indirectly, by adopting a stand on a particular issue rather than endorsing the organization itself.

Cause-related advertising - An extremely common form of image building is cause-related advertising in which companies collaborate as supporting contributors of charities or non-profit organisations. The business profits from positive advertisement, whilst the charity earns much-needed money.

Example: Lenovo's Corporate Advertisement

In 2021, Lenovo launched an advertisement campaign that highlighted the company's influence on all aspects of India. The campaign's tagline, "Got Your Back," highlighted the opinions of several people Lenovo has impacted. The distinctive visual strategy of displaying just the backs of people and occasionally an animal with some heart touching stories stood out from the other corporate advertising efforts. The campaign had different stories of people who actually depend on Lenovo and how Lenovo has impacted various walks of life in India. The information shows how Lenovo did its corporate advertisement.

Source: ETBrandEquity (06/12/2021), "'We've Got Your Back!' says Lenovo in its new corporate campaign". <https://brandequity.economictimes.indiatimes.com/news/advertising/weve-got-your-back-says-lenovo-in-its-new-corporate-campaign/88118284> Accessed on 16/09/2022

Check Your Progress - 2

9. Which are the five steps that a reliable PR evaluation process consist of?
 - a) Setting specific measurable PR goals, Measuring PR Output, Measuring PR Outtakes, Measuring PR Outcomes, Measuring Business Outcomes
 - b) Setting specific measurable PR goals, Measuring PR Output, Measuring PR Outtakes, Measuring Business Outcomes, Measuring PR Outcomes
 - c) Setting specific measurable PR goals, Measuring PR Outtakes, Measuring PR Outcomes, Measuring Business Outcomes, Measuring PR Output
 - d) Setting specific measurable PR goals, Measuring PR Output, Measuring PR Outcomes, Measuring Business Outcomes, Measuring PR Outtakes
10. Which of the following tools are used to measure PR Output?
 - a) Media content analysis

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- b) Cyber space analysis
 - c) Public opinion polls
 - d) All the above
11. Which of the following tools are used to measure PR Outtakes?
- a) Awareness and Comprehension measurement
 - b) Recall and Retention measurement
 - c) Behavior measurement
 - d) Only a & b
12. Which of the following tools are used to measure PR Outcomes?
- a) Attitude and Preference measurement
 - b) Behavior measurement
 - c) All the above
 - d) None of the above
13. Which of the following guidelines does Crisis PR follow while addressing a crisis situation?
- a) Appoint a single formal spokesperson
 - b) Be open and honest in communication
 - c) Keep employees well informed
 - d) All the above
14. Which type of programs attracts more corporate sponsorship?
- a) Sports
 - b) Social causes
 - c) Festivals and fairs
 - d) Entertainment
15. Which of the following is the act of getting the media attention or getting media ink and gaining visibility with the public?
- a) Sponsorship
 - b) Publicity
 - c) Public relations
 - d) Corporate advertising
16. Which of the following is specially designed to promote the company as a whole in order to enhance corporate image and position the company as distinct from competitors?
- a) Corporate advertising
 - b) Publicity
 - c) Advertising
 - d) Sales promotion
-

14.13 Summary

- This unit focuses on public relations, sponsorship, publicity and corporate advertising. Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics.
- Public relations can be classified into two types such as corporate public relations and marketing public relations.
- Corporate PR activities are aimed at maintaining cordial relations and gaining the goodwill of various internal and external stakeholders who may influence the well-being of the organization in the long-run.
- Corporate public relations can be divided into internal PR, consumer PR, financial PR, public PR, crisis PR and media PR.
- Marketing PR complements the various marketing activities that are aimed at improving the sales of company products among retail customers and institutional clients.
- Public relations process passes through three steps such as understanding public attitude, developing a PR plan and implementing the PR plan.
- The implementation on PR programs is done through personal communication, printed communication, press release, films, television, exhibitions, blogging and social media.
- The PR evaluation passes through five steps such as setting specific measurable PR goals and objectives, measuring PR output, measuring PR outtakes, measuring PR outcomes and measuring business/organizational outcomes.
- This unit also discussed various tools used for measuring PR output and the importance of PR in crisis management.
- The other important tool of PR is corporate sponsorship where companies take various forms of sponsorship activities to enhance company image.
- Corporate sponsorship may include sponsoring causes, events, establishments, festivals, fairs, associations etc.
- The unit also focused on publicity and its effects on company image. The unit concluded with a brief discussion on corporate advertising.

14.14 Glossary

Cause-related Advertising: In cause-related advertising, a company associates itself with a charity organization or a non-profit organization.

Corporate Advertising: Corporate advertising promotes company as an entity rather than single out any product or service in order to enhance its corporate image and position the company as distinct from competitors.

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Corporate Public Relations: It can be defined as the sustained efforts of the organization aimed at maintaining cordial relations and gaining the good-will of various internal and external stakeholders who may influence the well-being of the organization in the long run.

Crisis Public Relations: Public relations play a crucial role in dealing with crisis situations. The crisis may arise from any type of situation hence company should be ready to face any type of contingency with advanced preparedness.

Marketing Public Relations: It can be defined as the functioning of the PR department towards complementing the various marketing activities that are aimed at improving the sale of an organization's products among retail consumers or institutional clients.

Public Affairs: Public affairs can be defined as the effort of the PR department towards establishing cordial relations with governments, regulatory authorities, and local communities with the objective of garnering the support of these publics towards the various activities or projects undertaken by the organization.

Publicity: Publicity is the act of getting the media attention or getting ink and gaining visibility with publics.

Public Relations: Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics.

PR Output: It is defined as "the early result that a PR program, activity or tactic generates in the short-term".

PR Outtake: PR Outtake is the measure to know whether the target publics received the message in the form that is intended by the organization and whether they understood and retained the message so that it can be recalled when required.

PR Outcome: PR Outcome is the end result that a PR effort aims to achieve from its target audience. These outcomes can be changes in opinions, attitudes, and behaviors.

Sponsorship: Sponsorship can be defined as "an investment in cash or kind in an activity, in return for access to the exploitable commercial potential associated with this activity".

14.15 Self-Assessment Test

1. Define public relations. Explain various types of public relations with suitable examples.
2. Discuss the public relations process with various tools of PR implementation.
3. How do you evaluate PR process? Explain all the steps in detail.
4. Distinguish PR output, PR outtake and PR outcome. How do you measure their effectiveness?
5. What is crisis PR? What steps do you take to address crisis situation?

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6. What is corporate sponsorship? Explain various types of corporate sponsorship.
7. What is publicity? Discuss various merits and demerits of publicity.
8. Distinguish corporate advertising and corporate sponsorship.

14.16 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021
2. Michael Branding, Social Media Marketing, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021
4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020
5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

14.17 Answers to Check Your Progress Questions

1. **(a) Steve Jobs**

Steve made the statement, “If I was down to my last dollar, I would spend it on public relations”.

2. **(d) All the above**

Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their *publics*. The word ‘*publics*’ include all stakeholders including customers, employees, shareholders, community, press etc.

3. **(b) Internal PR**

Internal PR is focused on communication within the company with the employees, who act as an interface between the company and its external publics.

4. **(d) Marketing PR**

Marketing PR complements the various marketing activities that are aimed at improving the sales of an organization’s products among retail consumers and institutional clients.

5. **(a) Understanding public attitude, developing a PR plan, Implementing the PR plan**

The following three steps are involved in public relations process.

- Understanding public attitude,

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- Developing a PR plan,
- Implementing the PR plan

6. (d) All the above

The various media tools used to implement the PR programs are: Press release, Films, Exhibitions, sponsorship, blogs and social media, visual communication, personal communication, printed communication etc.

7. (d) All the above

Toyota's 'buckle up for life' program educates family on critical safety behaviors, provides free child car safety seats and safety curriculum to Hispanic and African American church congregations

8. (d) All the above

An effective press release should incorporate the following tips:

- a. Address to the right person
- b. Make it newsworthy
- c. Use journalistic style
- d. Mention a contact number
- e. Avoid industry jargon
- f. Be brief and to the point

9. (a) Setting specific measurable PR goals, Measuring PR Output, Measuring PR Outtakes, Measuring PR Outcomes, Measuring Business Outcomes

A reliable PR evaluation process consists of five steps: Setting specific measurable PR goals, Measuring PR Output, Measuring PR Outtakes, Measuring PR Outcomes, Measuring Business Outcomes

10. (d) All the above

The following tools are used to measure PR Output.

- Media content analysis
- Cyber space analysis
- Public opinion polls
- Trade shows and Event measurement

11. (d) Only a&b

The following tools are used to measure PR Outtakes.

- Awareness and Comprehension measurement
- Recall and Retention measurement

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12. (c) All the above

The following tools are used to measure PR Outcomes.

- Attitude and Preference measurement
- Behavior measurement

13. (d) All the above

Crisis PR follows the following guidelines while addressing a crisis situation.

- Appoint a single formal spokesperson
- Be Open and honest in communication
- Keep employees well informed
- Address public concerns
- Legal limitations

14. (a) Sports

Sports programs attract 60% of corporate sponsorship. The percentages are as follows

- Sports – 60%
- Social causes – 9%
- Festivals and fairs- 4%
- Entertainment – 10%

15. (b) Publicity

Publicity is the act of getting the media attention or getting media ink and gaining visibility with the public.

16. (a) Corporate advertising

Corporate advertising is specially designed to promote the company as a whole in order to enhance corporate image and position the company as distinct from competitors.

Unit 15

Direct Marketing

Structure

- 15.1 Introduction
- 15.2 Objectives
- 15.3 The Growing Importance of Direct Marketing
- 15.4 Database in Direct Marketing
- 15.5 Direct Marketing Campaign Process
- 15.6 Direct Marketing Mix
- 15.7 Advantages and disadvantages of Direct Marketing
- 15.8 Summary
- 15.9 Glossary
- 15.10 Self-Assessment Test
- 15.11 Suggested Reading/Reference Material
- 15.12 Answers to Check Your Progress

“In today’s information of marketing and Web 2.0, a company’s website is the key to their entire business.”

– Marcus Sheridan

15.1 Introduction

The information shows the significance of the company’s website in direct marketing. And, this has been discussed in this unit.

Direct marketing is a form of marketing communications that seeks to elicit a measurable response such as a sale, a visit to a retail store or Web site, or a request for further information from a selected group of consumers in response to a communication from the marketer. Direct marketing is an interactive system of marketing which uses variety of media to effect an action in customers. Direct marketing uses any format to connect and interact with the audience such as print ads, e-mail, postal mail, television and radio spots, free-standing inserts, digital media, telemarketing, point-of-sale, etc.

UK Direct Marketing Association has defined direct marketing as “Communications where data is used systematically to achieve quantifiable marketing objectives and where direct contact is invited or made between a company and its customers”. Direct marketing is being increasingly used in the marketing communications mix to influence and get measurable response. With

the advent of new technologies, it has become easier to run and evaluate direct marketing campaigns.

15.2 Objectives

After reading this unit, you should be able to:

- outline the role of direct marketing in marketing communications
- Explore various strategies and tactics of direct marketing
- Know the various formats used to connect and interact with the customer in direct marketing
- Examine the effectiveness of direct marketing in influencing customers
- Determine the advantages and disadvantages of direct marketing

15.3 The Growing Importance of Direct Marketing

Direct marketing has become an indispensable tool in the hands of all marketers such as consumer and industrial goods companies. No company wanted to miss an opportunity to connect customer directly. The importance of direct marketing is growing because all the companies are following integrated marketing communication. The following are various reasons.

15.3.1 Dynamic Customer Profile

The demographic and psychographic dynamics have resulted in new customer segments. The emerging customer groups are demanding different product and services. Each customer demands products and services that serve his requirements. Customers are no longer happy with the information provided by the marketing messages, aimed at mass markets. This has led to the rise of narrowly defined niche markets with specialized products and information needs. The changing customer characteristics have compelled marketers to adopt direct marketing, which enable them to provide customized services through one-on-one interaction with the customer. Customers are not able to spend much time shopping at retail outlets due to their hectic lifestyles. Such constraints have led to customers' interest in direct marketing offers, which has propelled the growth of the direct marketing tool.

Example: Growing Trend of D2C

After the COVID-19 pandemic in India, consumers started the trend of buying almost all products directly from online platforms. To leverage this trend, Indian companies entered in Direct to Consumer (D2C) mode of business, and started promoting, and selling in a customized way and shipping their products without any third-party seller, over online platform. By this move, companies started earning more profits. In 2020, there was an increase of 65% in brands

Contd.

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opening their own websites for self-shipped orders. The companies' websites witnessed 88% of growth in order of volume compared to 32% from ecommerce marketplaces. This example represents the importance of direct marketing in executing strategies for sustainable growth.

Source: Nishith Rastogi (22.11.2020). "Direct-To-Consumer Wave Is All Set To Hit The Indian Market In A Big Way". <https://inc42.com/resources/direct-to-consumer-d2c-wave-is-all-set-to-hit-the-indian-market-in-a-big-way/> Accessed on 13/09/2022

15.3.2 Fragmentation of Media

The explosion of media vehicles has divided the audience into various specialized sections according to their tastes. Print media has been segmented based on specialties such as business, sports, entertainment, automobile, science etc. TV channels have also been segregated based on type of audience and their interests. Digital media has also seen refinement among various customer groups based on their programs. Social media has increased more interaction and fragmentation of customers into various niche groups. Although media fragmentation has discouraged mass marketing, it has enabled marketers to customize their direct marketing campaigns to the niche customer segments in an easier and cost-effective way.

15.3.3 Proliferation of Media Vehicles

Today companies have a variety of media vehicles to contact customers. The traditional media vehicles such as direct mail, door-to-door sales, television and radio have been complemented with latest media tools such as e-mail, couponing, interactive consumer websites, social media, mobile and Smartphone, point-of-sales etc. (Figure 15.1). Marketers are also using dispensers ATMs and their websites for directly marketing their products. Customer is now bombarded with information from various media vehicles.

Figure 15.1: Direct Marketing Media Vehicles



Source: ICAFI Research Canter

15.3.4 Advanced Database Management Systems

Latest developments in database management and order fulfillment have made direct marketing activities easier and cost-effective. The advancement in technology has provided better infrastructure for direct marketing and this has encouraged more players from across various industries to communicate and distribute products through the direct marketing route. Database management helped companies to develop targeted direct marketing campaigns more effectively and implement them in a shorter period of time. The evaluation of the campaigns has also been made easier by the latest technological tools. Therefore, companies can examine the effectiveness of their direct marketing campaigns.

Predictive analytics facilitate companies to take faster decisions regarding optimization of price point, supply chain configuration, marketing investment optimization etc.

15.3.5 Focus on Relationship Marketing

Marketers have shifted their focus from transactional relations to transformational in terms of relationship building with their customers. They identified direct marketing as a suitable method to build better customer relationships. Apart from being instrumental in building relationships with customers on a one-to-one basis, direct marketing also helps a company to collect data about the customers, analyze the data to understand customer preferences and fine tune its communication strategy accordingly.

15.3.6 Role of Internet in Marketing

The internet has transformed the world in which we live. Marketers are increasingly leveraging digital technologies and the internet to attract customers today. In the ever-transforming digital era we live in, marketing using digital technologies has taken a center stage. Internet marketing has become a key part of marketing success for any organization big or small. The global coverage of the internet makes it possible for organizations big and small to reach out to new customers across countries worldwide. The internet has made it possible for both businesses to businesses (B2B) and businesses to consumers (B2C) organizations to build and leverage on stronger customer relationships. Using websites, mobile applications, social media platforms, blogs consumers can fetch information and transact twenty-four seven, from wherever they are. It has now become easier for brands to increase awareness across markets and customer segments. Moreover, with the help of internet marketers can now quickly adapt to the changing business environment. They can easily modify their product offerings, pricing, offers, distribution and much more, and be more flexible across markets.

Internet marketing also helps brands in building greater awareness of the products or services that they offer. Through marketing online, businesses can more strategically reach their target audience. Another vital benefit of internet marketing is the traceability it offers. Online campaigns can be easily tracked,

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measured, tested, and optimized to ensure they are effective and deliver the results as per the plan. The internet has continuously evolved over the last 3 decades. The Web 2.0 made web user experience a lot more interactive in which users could easily connect with other users and share content. We will discuss more on Worldwide Web in the next unit 16.

15.4 Database in Direct Marketing

Database marketing is a form of direct marketing where database of customers or potential customers is used to create personalized communications in order to promote a product or service. A proper database helps a company analyze customer needs, preferences, and behavior, and also identify the right target customers for its direct marketing campaigns. Database also helps the company evaluate the effectiveness of its direct marketing campaigns.

15.4.1 Advantages of Database

The following are various advantages of proper database management.

- **Refined customer targeting:** A company can identify the right customer by maintain a database. It benefits both the marketer and the customer. A marketer benefits by reaching the right target customers and designing suitable direct marketing offers so that junk mails can be avoided. Consumers are benefited as they receive offers, which are relevant to their needs and preferences.

Example: Database Intelligence of Myntra

Myntra, an e-fashion platform, used algorithms and AI (artificial intelligence) based technology to design clothes. For instance, it designed t - shirts – the texture, colour, and pattern completely by a software (without any human intervention) based on the customers' data that was received from purchased history, recommended products based on purchases, voice queries, etc.

The above information shows how Myntra was leveraging customers' database in direct marketing.

Source: Nikhar Agarwal (03.02.2021), "How Myntra is eliminating biases in AI algorithms" <https://cio.economictimes.indiatimes.com/news/next-gen-technologies/how-myntra-is-eliminating-biases-in-ai-algorithms/80661456> Accessed on 10/09/2022

- **Better customer relationships:** Database contains detailed information about customers name, transaction history, and brought-in-compiled list from another organization. The compiled list can be sourced from product warranty cards, subscription forms, credit application forms, charity donation forms etc. Companies can apply statistical techniques to develop models based on database to understand customer behavior. Customers also feel that they are receiving individual attention from the company. This helps in building long-term relationships with the customers.

- **Less visible to competitors:** Direct marketing strategies are less visible to competitors. Direct marketing is less vulnerable and offers more possibility for creative customer relationship for a longer period. Lack of visibility is more important when going for testing direct marketing campaigns.
- **Cost savings through marketing efficiencies:** Building a database can help a company improve the effectiveness of its direct marketing campaigns. Companies can design loyalty programs in a more efficient manner by maintaining up-to-date customer databases. Retaining customer is a more cost effective option than acquiring new customers. Database also help in cross-selling products to customers by understanding customer's past purchasing trends and offer related products. This improves the sales volume of the company. For example, Amazon prompts customers with related products when a customer makes a choice of a particular product.
- **Better measurement and evaluation:** Pre-test and post-test of marketing campaigns have become easier with database technologies. With higher analytical capabilities, databases provide not only faster but also accurate results. As a result, a company can roll out its actual direct marketing campaigns more effectively. Databases also help companies to evaluate the outcomes of direct marketing campaigns against the objectives set for those campaigns.

15.4.2 Database Development Process

Database development process goes through three stages such as identifying the objectives, gathering data and building the database.

- **Objectives of the database:** Building an effective database that helps a company provide relevant, accurate and timely information to its customers requires a thorough analysis of user needs. The company should also determine the nature of the data to be collected and the role of the database in the direct marketing process. Some of the key objectives of a database are:
 - Offer detailed information about customers
 - Track customer purchase
 - Use customer information to develop advertisements and promotional materials

Apart from determining the objectives of the database an organization should also list out the stakeholders who will use it. The users of the database will determine the nature of information to be stored in the database and the applications that are to be built into the system. The database may be used by sales personnel to obtain key information about customers before making a sales call, by customer service agents before attending to customer complaints, or by order taking personnel to obtain customer information before receiving the customer order. Thus, the first stage in database development involves setting the objectives on the basis of the usage and type of users.

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- **Gathering data:** In the second stage, companies have to gather the relevant data to meet the objectives listed in the first stage. The data can be gathered from internal and external sources.
- *Internal sources:* Marketers can build database on the basis of the data accumulated in various internal customer records. The data in these records is either collected while attending to customer enquires or from the information provided in the order forms. Companies can collect customer data by requesting for details at the point of contact or by undertaking periodic surveys, requesting customers who call help lines, through the use of response cards in the advertising campaigns run in the print medium, from filled out contest and sweepstakes forms, or from warranty cards of the customers. Internet also helps in generating enormous data in the form of website interactions, ecommerce, social media interactions and so on. The information gathered is not restricted to the name and address of the customers, but includes other information such as, “What products do they want to buy in the coming months?”, “When do they prefer to buy?”, “What are their preferred places of purchase?”, “How have they come to know about the product or organization?” etc.

The other source of database is the data about existing customers and their past purchasing histories. The key information that is collected about a customer’s purchasing history, consists of RFM variables i.e. Recency (time of purchase), Frequency (No. of times purchased) and Money (Total money spent). The sheer volume, velocity, variety, veracity (4Vs) of data produced by digital and internet marketing is so enormous that it is referred to as big data. Big data not only helps in analyzing every action of the consumer, it provides better marketing insights and in decision making.

- *External sources:* Marketers also use external data to build their database. The Census Bureau of India is one of the key external sources to develop direct marketing databases. It provides detailed information on various demographic variables. Apart from Census Bureau of India, there are various third party organizations that offer customer information as per the client’s requirements.

15.4.3 Enprecis’s CQI Building a Database

Once the relevant customer data is gathered, a data warehouse is built through the integration of internal and external data. Marketers assign geographic codes to each customer’s record. The coding enables marketers to easily retrieve information related to customers in a particular location. Often, marketers integrate a consumer’s demographic and lifestyle information. Such database enables marketers to conduct tailored direct marketing programs for each customers group with specific demographic and lifestyle patterns. Once the direct marketing programs are implemented, the results of the programs can be updated to the database and their performance can be evaluated against present objectives.

Check Your Progress - 1

1. Which of the following is one of the five keys of successful direct marketing, if you have that, the other four don't matter?
 - a) Response
 - b) Positioning
 - c) Targeting
 - d) Segmentation
2. The importance of direct marketing is growing due to which of the following factors?
 - a) Fragmentation of media
 - b) Proliferation of media vehicles
 - c) Advanced Database Management Systems
 - d) All the above
3. Which of the following are the advantages of database marketing?
 - a) Refined customer targeting
 - b) Less visible to competitors
 - c) Better measurement and evaluation
 - d) All the above
4. Database can be gathered through internal and external sources. Which of the following is an internal source?
 - a) Census Bureau of India
 - b) Third party organizations
 - c) Point-of-purchase data
 - d) Editorial
5. Database development process goes through three stages. What is the correct order?
 - a) Objectives of the database, Gathering data, Building the database
 - b) Gathering data, Building the database, Objectives of the database
 - c) Building the database, Objectives of the database, Gathering data,
 - d) Objectives of the database, Building the database, Gathering data
6. Which of the following is an example for third party source for database?
 - a) Enprecis CQI data
 - b) Company survey
 - c) Point-of-purchase data
 - d) Existing customer data

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7. There are more than 18 separate sports channels existing in India due to -----, which divide(s) customers into various specialized groups based on their personal tastes.
- a) Proliferation of media vehicles
 - b) Fragmentation of media
 - c) Relationship marketing
 - d) Database management

15.5 Direct Marketing Campaign Process

A direct marketing campaign process involves three stages which are as follows.

Figure 15.2: Direct Marketing Campaign Process



Source: ICAI Research Canter

15.5.1 Developing the Framework for the Direct Marketing Campaign

The first step in any direct marketing campaign is to decide upon a broad framework for the direct marketing campaign. The framework guides the direct marketing process. The framework can be developed based on the following parameters.

- **Objectives of direct marketing campaign:** The primary objective of a direct marketing campaign is to obtain *sales orders*. However, a company plans to achieve other objectives as well through these campaigns. Prominent among them are:
 - *Maintaining profitable relationships with existing customers:* Direct marketing campaigns play a crucial role in building and managing long-

term relationships with existing customers. Understanding customer needs and behavior and customizing its offers accordingly, helps a company improve sales. As approaching existing customers is an easier and more cost effective option than searching for new customers, the profitability of the company increases.

- *Generating leads:* Although customer retention is important, generating new leads can help expand the market for the company and compensate any loss in the current customer base of the company.
- *Enhance brand awareness among customers:* Companies use direct marketing to enhance brand awareness of its new and innovative products among customers. For example, new private insurance companies in India are not focusing on increasing sales, but on educating customers about the need for insurance and are creating awareness about their corporate brands through direct marketing campaigns.
- **Selection of target audience for direct marketing campaign:** The selection of target audience depends on the objectives of the direct marketing campaign. If a company's objective is customer retention, existing customers would form the target audience. However, if the company's objective is lead generation, its direct marketing campaign should be targeted at new customers. Once a company decides on the target audience for its direct marketing campaign, it needs to concentrate on identifying the most profitable segments within target audience. At this stage, the company should also ensure that reaching these target segments is profitable.
- **Selection of media vehicles:** Selection of the right combination of media vehicles is an important task while designing a direct marketing campaign. Prominent media options, which are used by direct marketers, include direct mail, telemarketing, print medium, television medium, and digital media. The media selection will be based on the objectives established, target audience being covered, budgetary allocation, and characteristics of the product.

15.5.2 Developing the Direct Marketing Campaign

After finalizing the broad-based framework for the direct marketing campaign, the next step is to develop direct marketing campaign. To develop the direct marketing campaign, a company has to focus on the following two parameters.

- **Selection of profitable target customers:** A company needs to select the specific number of customers in a customer segment who are more likely to respond to its direct marketing campaigns. The company can select the profitable customers based on the segmentation techniques and response scoring models. The segmentation techniques enable a company to segment customers based on demographic and behavioral factors to choose the most potential customers from them. Response scoring models assign scores to each customer based on his ability or probability of responding to the direct

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marketing offers. The company can select the customers who get high scores, as profitable customers.

- **Content of direct marketing campaign:** Decisions regarding the content of a direct marketing campaign include the format of the campaign, story line of the campaign, illustration, and tag line etc.

15.5.3 Implementing the Direct Marketing Campaign

A company has to finally implement the direct marketing campaign. The implementation includes two aspects as follows.

- **Order fulfillment of the direct marketing campaign:** The order fulfillment involves receiving orders, processing orders, managing the inventory, and managing customer queries and complaints. Fulfilling customer orders quickly and accurately will help a company increase customer satisfaction and build long-term relationships with them. Order fulfillment can also be used to differentiate the company's products in the market place.
- **Evaluation of the direct marketing campaign:** A company needs to evaluate the campaign in terms of its response and profitability. Response is measured in terms of the number of responses received per 1000 mailings or number of responses received per call center. The company needs to evaluate the response not just in terms of quantity but also quality. The quality of response can be measured in terms of the number of sales enquires and the number of information requests. A response is considered a high quality response when more sales enquiries are received compared to information requests.

Example: Social Media Marketing Campaign by Dabur Vatika

In 2020, Dabur Vatika, a popular India-based hair oil brand launched a social media marketing campaign with a series of small videos on YouTube to highlight the benefits of Dabur Vatika. The campaign was targeted at females of 18-34 years who were interested in personal grooming and hair care and visit beauty salons frequently. It received high number of viewers – 45% of viewers did not skip the content. The information shows how Dabur designed and implemented a direct marketing campaign.

Source: Roohneet Kaur (September 2020). "How Dabur used interactive storytelling to captivate their audience." <https://www.thinkwithgoogle.com/intl/en-apac/country/india/how-dabur-hooked-their-audience-with-innovative-storytelling-formats/> Accessed on 14/09/2022

Profitability analysis is another aspect in the evaluation of the effectiveness of the campaign. The company needs to ensure that the implementation of the campaign will provide good revenues to the company. For this the company can evaluate the costs incurred and the profits accrued to the company. Costs can be measured in terms of cost per 100 mailings, cost per order, or cost per response. Profits can be measured in terms of sales obtained from the campaign, profit margin, and actual profit obtained. The evaluation should be done on a continuous basis so

that the company can identify shortcomings during the course of the campaign and take corrective action to achieve the set objectives of the campaign.

15.6 Direct Marketing Mix

Direct marketing follows either one-step or two-step approach to get measurable response. In the one-step approach, the medium is used directly to obtain an order immediately such as a toll-free number in an ad to make an immediate action. In the two-step approach companies may use more than one medium in two steps. The first step is targeted to screen the potential customers. The second step is targeted to influence potential customers to make a sale. Companies use variety of media tools both for one-step approach and two-step approach to get measurable response.

Direct marketing uses multiple media tools or direct marketing mix to reach and influence customers. Each media tool has its own merits and demerits. Companies have to make a right choice of media tool to promote direct marketing campaign. The direct marketing mix includes direct mail, telemarketing, mass media, and digital media which are discussed with their advantages and disadvantages below.

15.6.1 Direct Mail

People like to do business with people they know, like, and trust so a familiar face or name is the best asset. The mailing list is the familiar face of customers who display positive attitude towards a company's offer. Direct mail is often equated with direct marketing because it is the most widely used media in direct marketing. The U.S. Postal Service found that postcards are the mail formats most likely to be read or scanned. Postcards do not take much time to read and prospects need to understand company offer within seconds of glancing at it. It has gained popularity because it enables a company to reach its select target customers, thus improving the response rate of the campaign and also provides high personalization capabilities.

Advantages of Direct mail:

- Product features can be communicated in detail
- Company can run the campaigns without getting exposed to competitors and can be performed away from public view.
- Direct mail offers various creative options in developing the content of the mail, format of the mail, glossy catalogue, detailed brochure, and offering gifts along with the offer.

Disadvantages of Direct mail:

- Direct mail has gained a negative image as junk mail. Due to increased clutter, customers receive loads of direct mail, which is irritating for them. Company's message may be lost in the clutter too.

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- Designing personalized messages and delivering the mail to the customers entails higher costs compared to other media.

Direct mail can be effective if it is used in conjunction with other media. For example, a financial service provider can advertise its product through television to create brand awareness and offer detailed information through direct mailers to maximize its marketing communications efforts. However, direct mail is not suitable for products, which have complex features and requires demonstration.

15.6.2 Telemarketing

Telemarketing as a direct marketing medium gained popularity due to falling call charges, advancements in communication technologies, and increase in telephone penetration. Telemarketing can be classified into outbound telemarketing and inbound telemarketing.

- **Outbound telemarketing:** Outbound telemarketing refers to a company's initiative to contact potential and existing customers. It is mainly used for prospecting, i.e. recruiting new customers and generating sales volumes from the existing customers. However, outbound telemarketing is criticized for its intrusive nature. Due to its inappropriate timing and selection of wrong target customers, outbound telemarketing may disturb the customer, and create a negative perception about the company. With an increasing number of people registering for 'do not call directories' that bar telemarketing companies from calling the registered members of the directory, outbound telemarketing has become even more difficult. Therefore, companies need to plan their outbound telemarketing campaigns well. They need to contact the right target audience, and build a good rapport with the target audience before making the sales calls.
- **Inbound telemarketing:** Inbound telemarketing refers to a company's efforts to handle the telephone enquiries of its customers with regard to product information, product purchases, and product problems. It is more accepted because the customer himself is willing to interact with the company. As customers themselves approach the company the response rate for the campaign is also high compared to outbound telemarketing. It is mainly used to provide product and company information, and offer customer support through the setting up of help-desks.

Advantages of Telemarketing

- Telemarketing enables a company to have a one-to-one interaction with customers, and thus provides immediate feedback from the customers.
- Telemarketing campaign can be launched within a short period of time.
- Telemarketing can be easily monitored and evaluated.

Disadvantages of Telemarketing

- Customers often consider telemarketing as intrusive.

- The costs involved in telemarketing are still high in spite of falling charges.

15.6.3 Mass Media Advertising

Mass media includes newspapers, magazines, television, radio, out-of-home, etc.

- **Newspapers:** Newspapers are often used to target local markets. Companies can use newspapers to cover local market to build awareness about their products or generate traffic to their outlets.
- **Magazines:** Magazines are used to target specific customer segments. Magazines provide better results for direct marketing campaigns compared to newspapers as they cover a niche segment, which helps a company target the right segment. Magazines have higher reproduction quality than newspapers and this enables them to design advertisements more creatively.
- **Television:** Television has become a creative medium due its multimedia characteristics. Direct Response Television (DRTV) advertising is used to generate leads, for running contests, and sweepstakes and test marketing. DRTV advertising involves commercials about a product. At the end of the commercial, the response option, either the toll-free number or the physical address, or the website addresses to which customers can respond, is provided. DRTV ads differ from normal advertisements. Normal advertisements are used for brand building, where as DRTV ads are used to highlight the response option. Therefore, the response option should be displayed for a longer time to enable customers to remember the number or the address.
- **Out-of-Home Direct Marketing:** Out-of-home direct marketing includes wide array of media such as billboards, bus shelters, transit, in-flight, in-store, movies, stadiums, aerals, airports, etc., that use call-to-action ads for the customer to respond.

Advantages of Mass Media Advertising

- The mass media is a cost effective medium for companies as it covers a broad customer segment at a lower cost.
- Creative appeals such as emotional appeal in television advertisement can be promoted well in mass media than print media.

Disadvantages of Mass Media Advertising

- Customization of message for each individual customer is not possible in mass media.
- It is not possible to offer detailed information about the product such as television medium as it is a fleeting medium where customer may not remember the contact number.

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15.6.4 Digital Media

The popularity of the digital technologies such as Internet and mobile applications have prompted traditional direct marketers to open their presence on online channels, social media sites and mobile screen. Direct marketing occupies a dominant space in digital media to send marketing communications. The various direct marketing tools of digital media are e-mail marketing, display ads, search ads, social media sites, mobile marketing, mobile apps, mobile display ads etc.

- **E-mail marketing:** Companies run e-mail marketing campaigns to deliver messages whenever they like since it is available around the clock. It is the most widely used direct marketing method due its features such as inexpensive to design, test, and send messages and to measure customer response accurately.
- **Display Ads:** Display ads appear on website in many formats such as static banners, pop ups, videos, and floating units. Customers can simply click on the ad to respond directly to the message.
- **Search Ads:** Search ads on internet occupy half of the online budget because search ads can translate directly into clicks and purchases by placing a product before customers at the exact moment they are making a purchase decision.
- **Mobile Marketing:** Companies can engage with the audience in an interactive manner through a mobile such as smartphone, cellphone, or tablet. Mobile marketing includes sending messages in many formats such as SMS (short message service), MMS (multi-media message services) and mobile response ads.
- **Mobile Apps Marketing:** Companies develop mobile apps to interact and influence customers who use Smartphones with their direct response ads, product features and offers. Products also have QR Codes (quick-response barcodes) where customers can access product information, offers, etc. with their smartphone.
- **Social Media:** This is the fastest growing media on computer screen and mobile space. Social media sites such as YouTube, Facebook, LinkedIn, Twitter, Instagram etc. provide companies to meet customers directly by creating content to which customers can respond. For example, Natura, Brazilian cosmetic company, interacts directly with customers on its Facebook page with product stories.

Example: SBI Using Social Media to Deliver its Services

At a time when every company was trying to differentiate their services in the new normal era (post COVID-19 lockdown), in August 2020, State Bank of India (SBI), a renowned state-owned bank launched a new kind of service –

Contd.

Mobile ATM, distinguishing with its competitor bankers. In the service, customers just need to send a message about the kind of services they want through WhatsApp. The customers would get doorstep banking services - cash pickup, cheque pickup, cash delivery, KYC documents pickup, etc.

The above information shows how SBI used social media to deliver its banking services.

Source: Sangeeta Ojha (23.08.2020), "SBI's new ATM service: Just WhatsApp to get cash near your house". <https://www.livemint.com/money/personal-finance/sbi-s-new-atm-service-just-whatapp-to-get-cash-near-your-house-11598159865100.html> Accessed on 14/09/2022

Advantages of Digital Media

- Internet offers interactivity with the customers about company, products and services.
- Digital media offers the ability to personalize the message for each individual customer.
- It helps a company to track user behavior to fine-tune offers accordingly.
- Digital media is a cost-effective medium compared to other media due to its wider reach and the low investments required to run the websites, social media sites, and e-mail campaigns.

Disadvantages of Digital Media

- Increased practice of spamming or sending unsolicited e-mail, making customers weary about receiving mails from marketers.
- Customers feel insecure to make purchases due to online frauds and misuse of customer credit cards.

15.6.5 Direct Selling

Direct selling is the selling of products or services directly to consumers away from a fixed retail location. Products are marketed through independent sales representatives such as distributors, consultants, independent business owners etc. Direct sellers are not employees of the company who sell products for a commission on sales.

Direct selling is done in many ways given as follows.

- **Person-to-Person selling:** The direct selling representative makes a visit to customer's office or home, or any other location to sell consumer goods. For example, Herbalife independent distributor visits customer's home to sell its weight management products for a commission.
- **Person-to-Party selling:** The direct selling representative makes a visit to a party at customer's home or office to demonstrate and sell products.

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Advantages of Direct Selling

- Company consultants can conduct the demonstration at customer's home so that long-lasting personal relationship can be improved.
- Companies can avoid channel members so that the money saved can be invested somewhere else.
- Company does not require any specialized workforce.
- Advertising budget can be minimized.
- Flexible hours so that company can meet based at customer's convenience.

Disadvantages of Direct Selling

- Direct selling is time consuming because independent consultant has to spend more time in introducing features of the product one-by-one.
- Direct selling is intrusive and is inconvenient for the customers when independent consultants meet at odd times.

15.6.6 Catalogue Marketing

Catalogue Marketing is one of the tools of direct marketing where the marketers prepare catalogues of products with details and sells directly to the customer. The catalogues are generally in printed form but to avoid printing and distribution costs, the catalogues are also sent through internet. Products from various companies may be combined into a single catalogue to provide exhaustive list of products so that customer can make an informed decision about a particular product or brand.

For example, trade exhibitions publish catalogues with various vendor and product details so that customers find it more convenient to make a purchase decision based on catalogue information.

15.6.7 Alternate Media Tools

Companies use various other tools of direct marketing such as package insert, Card pack, Ride Alongs, etc. to meet and influence customers.

Package Insert: Package insert is a direct marketing tool, used mostly by medical companies to provide medical information about a drug. It is a leaflet provided along with a prescription medication to help lay person to understand details about a particular medicine. Each country has its own format to be followed while providing drug information. The package insert includes the information about the brand name, generic name of the medicine, precautions to be taken by patients, dosage details, etc.

Card Pack: A 'card pack' is a package of individual cards wrapped together and mailed to consumers or inserted in other product packs. The pack may vary in quantity often containing up to 100 cards, each competing for the customer's attention. For example, sports cards such as 100 basketball or football cards

provide information about players or games or events. The purpose of ‘card pack’ is to generate leads. Companies can generate more leads by providing better premium, free report or sample. The greater the perceived value of the free offer, the greater the response.

Ride Along marketing: Ride-along marketing is a type of marketing campaign any marketer can leverage to get specific marketing messages in front of a specific person by ‘riding along’ with something this person is already engaged with.

For example, a local grocery store has a ride-along direct marketing campaign where the back of its delivery truck is used to promote its discount coupon. Companies can also use the second side of a business card for testimonials, lead-generation offers, product listings, etc.

15.7 Advantages and Disadvantages of Direct Marketing

Direct marketing has many advantages compared to the traditional marketing which are as follows.

Advantages of Direct Marketing	
Response Driven	<ul style="list-style-type: none"> • Direct marketing involves inclusion of a reply tool, either soliciting feedback personally, including a response card in the direct mail, or advertising toll-free number alongside the offer in print or broadcast media to receive customer response.
Easy of Evaluation	<ul style="list-style-type: none"> • Reply tools evaluate the effectiveness of direct marketing campaign. • Testing of direct marketing campaign with reply tools is easy so that actual campaign can be implemented.
Refined targeting	<ul style="list-style-type: none"> • A company can analyze the characteristics of its customers through the use of the customer database and select the right target customer groups. • Refined targeting increases the success rate of the campaign and is cost-effective.
Customization	<ul style="list-style-type: none"> • Company can customize the offer according to the needs and preferences of each customer. • Customization helps the company to increase the response rate for the program and enables the company to build long-term relationships.
Differentiation	<ul style="list-style-type: none"> • Direct marketing enables one-to-one interaction with customers so that a company can differentiate its offerings from those of its competitors. • Competitors are unable to track selective targeting of customers and offer products.

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Example: Skinella's Response Driven Campaign

In a move to stop the spread of COVID-19 by wearing masks, in May 2020, Skinella, a cosmetic brand launched a social media campaign to promote a positive attitude towards wearing masks. It asked the participants and influencers to upload their selfie photos wearing a mask as their profile photos across all social channels –Instagram, Facebook, and WhatsApp.

The above information shows how Skinella performed response driven direct marketing campaign.

Source: ET Brand Equity. (02.05.2020), "Skinella rolls out 'Best Face Mask This Season' campaign. <https://brandequity.economictimes.indiatimes.com/news/marketing/skinella-rolls-out-best-face-mask-this-season-campaign/75503483> Accessed on 14/09/2022

Direct marketing also suffers from few of the disadvantages compared to the traditional marketing as follows.

Disadvantages of Direct Marketing	
Expensive	<ul style="list-style-type: none">• The cost incurred in reaching customers in direct marketing is high compared to other marketing communications elements.• Direct marketing is not suitable for standardized products that have larger markets because reaching them individually is not economically viable.• Standardized goods leave little room for differentiation , thus taking away the advantage of offering customized product offerings to customers.
Junk Mail	<ul style="list-style-type: none">• Customers perceive direct mails and telemarketing calls as intrusive and irritating and consider them as junk mail.• The unethical way of gathering information about customers and the lopsided approach of targeting customer information have made the customers weary about direct marketing offers.

Check Your Progress - 2

8. Which of following stages does a direct marketing campaign process include?
 - a) Developing the framework for the direct marketing campaign
 - b) Developing the direct marketing campaign
 - c) Implementing the direct marketing campaign
 - d) All the above
9. Which of the following steps does developing the framework for the direct marketing campaign include?
 - a) Objectives of the campaign

- b) Selection of the target audience
 - c) Selection of media vehicle
 - d) All the above
10. Which of the following are the objectives of direct marketing campaign?
- a) Maintaining profitable relationships with existing customers
 - b) Generating leads
 - c) Enhance brand awareness among customers
 - d) All the above
11. Which of the following are the advantages of direct mail?
- a) Product features can be communicated in detail
 - b) Campaign can be run without exposing to competitors
 - c) Offers various creative options in developing the content of the mail
 - d) All the above
12. What are the advantages of telemarketing?
- a) Enables a company to have a one-to-one interaction with customers
 - b) Campaign can be launched within a short period of time
 - c) Can be easily monitored and evaluated
 - d) All the above
13. Which digital media includes the following digital channels used for direct marketing?
- a) E-mail marketing
 - b) Mobile marketing
 - c) Social media marketing
 - d) All the above
14. Which of the following are the advantages of digital media to run direct marketing campaign?
- a) Offers interactivity with the customers
 - b) Digital media can personalize the message for each individual customer
 - c) Company can track user behavior to fine-tune offers accordingly
 - d) All the above
15. Which direct selling offers the following advantages?
- a) Demonstration of the product is made at customer's home which helps in long-lasting personal relationships
 - b) Companies can avoid channel members so that saved money can be invested somewhere else
 - c) Advertising budget can be minimized
 - d) All the above

Block 4: Marketing Communications Mix

16. Which of the following disadvantages does direct marketing suffer from when compared to the traditional marketing?
- a) The cost incurred in reaching customers in direct marketing is high compared to other marketing communications elements.
 - b) Customers perceive direct mails and telemarketing calls as intrusive and irritating and consider them as junk mail.
 - c) The unethical way of gathering information about customers without their consent.
 - d) All the above
-

15.8 Summary

- Direct marketing involves direct communication with customers and prospects to obtain an immediate and measurable response.
- Although direct marketing was once considered ‘junk mail’ there is renewed interest in it due to various factors. The important factors are dynamic customer profile, fragmentation of media, proliferation of media vehicles, advanced database management systems and focus on relationship marketing.
- However, a proper database is essential to run a direct marketing campaign successfully. Database can be developed either by using internal sources or external sources. A company can also use third party to obtain necessary information.
- Direct marketing campaign process involves three stages- developing the framework for the direct marketing campaign, developing the direct marketing campaign and implementing the direct marketing campaign.
- Key issues considered while developing the framework for direct marketing are objectives of the campaign, selection of target audience and selection of media vehicle.
- While developing the actual campaign, a company focuses on profitable customers and the content of the campaign. While implementing the campaign, the company should focus on good order fulfillment and constant evaluation of the campaign.
- Selecting the right media determines the success of the direct marketing campaigns. Media selection depends on the communication objectives, product characteristics, target audience, and budgetary allocation for the campaign.
- The direct marketing mix elements are many such direct mail, telemarketing, mass media, digital media, direct selling etc. The advantages and disadvantages of each element are also discussed.

- Direct marketing offers several advantages to marketers. Direct marketing involves inclusion of a reply tool such as reply mail or toll-free number to receive customer response.
- Reply tools evaluate the effectiveness of testing of direct marketing and actual implementing actual campaign.
- Direct marketing with its refined targeting increases the success rate of the campaign in a more cost-effective way.
- The campaign can be conducted without the notice of the competitors.
- Direct marketing has few disadvantages. It is expensive to meet individual customers and customers perceive direct mail as junk mail hence it has poor image among customers.

15.9 Glossary

Banner ads: They are graphical bar or button internet advertisements, containing text or graphics to attract the viewer's attention.

Cost per Order: Cost per Order (CPO) in direct marketing is calculated as the ratio of total cost incurred to the total number of orders received.

Direct marketing: In direct marketing a promotional message is targeted at an individual customer using direct media (without any intermediary) to obtain an instant response.

Direct selling: Direct selling is the selling of products or services directly to consumers away from a fixed retail location. Products are marketed through independent sales representatives such as distributors, consultants, independent business owners etc.

Display Ads: Display ads use various tools such as pictures, good layout and copy text to communicate their message to customers. Display ads can be placed anywhere in the newspaper unlike classifieds which are restricted to the classified section.

Floating ads: Floating ads appear on the web page and obstruct the text the viewer is trying to read.

Inbound telemarketing: Inbound telemarketing involves a customer calling a marketer's call center to obtain product information. In such case, sales people are only responding to customer queries. Companies set up toll-free numbers to enable customers to contact the company easily.

Order fulfillment: The order fulfillment process involves receiving orders, processing orders, managing the inventory, and managing customer queries and complaints.

Outbound telemarketing: Outbound telemarketing refers to a company's initiative to contact potential and existing customers. It is mainly used for

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prospecting, i.e. recruiting new customers and generating sales volumes from the existing customers.

Relationship marketing: Relationship marketing is a marketing approach that aims to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises.

15.10 Self-Assessment Test

1. Define direct marketing. Explain the reasons for direct marketing growth.
2. What is database marketing? Explain database development process for your direct marketing campaign.
3. Explain direct marketing campaign process with suitable examples.
4. Discuss any four direct marketing media tools.
5. Compare and contrast direct mail, telemarketing and e-mail marketing.
6. What is direct selling? Explain pros and cons of direct selling.
7. What are the advantages and disadvantages of direct marketing?
8. What is digital media? How does it facilitate direct marketing?

15.11 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021
2. Michael Branding, Social Media Marketing, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021
4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020
5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

15.12. Answers to Check Your Progress Questions

1. (a) Response

Response is one of the five keys of successful direct marketing. And if you have that, the other four don't matter.

2. (d) All the above

The importance of direct marketing is growing due to the following factors

- Fragmentation of media

- Proliferation of media vehicles
- Advanced Database Management Systems
- Dynamic customer profile
- Relationship marketing

3. (d) All the above

The following are the advantages of database marketing.

- Refined customer targeting
- Less visible to competitors
- Better measurement and evaluation

4. (c) Point-of-purchase data

Database can be gathered through internal and external sources. Point-of-purchase data is an internal source and the external sources are Census Bureau of India, third party organizations and editorial in press

5. (a) Objectives of the database, Gathering data, Building the database

Database development process goes through three stages: Objectives of the database, Gathering data, and Building the database

6. (a) Enprecis CQI data

Enprecis CQI data is an example of third party source and the rest belongs to company's database such as company survey, point-of-purchase data and existing customer data.

7. (b) Fragmentation of media

There are more than 18 separate sports channels existing in India due to fragmentation of media, which divide customers into various specialized groups based on their personal tastes. The other factors helped direct marketing growth are follows.

- Proliferation of media vehicles
- Relationship marketing
- Database management

8. (d) All the above

Direct marketing campaign process includes the following three stages.

- i. Developing the framework for the direct marketing campaign
- ii. Developing the direct marketing campaign
- iii. Implementing the direct marketing campaign

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9. (d) All the above

Developing the framework for the direct marketing campaign goes through the following three steps

- i. Objectives of the campaign
- ii. Selection of the target audience
- iii. Selection of media vehicle

10. (d) All the above

The following are the objectives of direct marketing campaign

- i. Maintaining profitable relationships with existing customers
- ii. Generating leads
- iii. Enhance brand awareness among customers

11. (d) All the above

Direct mail has the following advantages

- i. Product features can be communicated in detail
- ii. Campaign can be run without exposing to competitors
- iii. Offers various creative options in developing the content of the mail

12. (d) All the above

The following are the advantages of telemarketing.

- i. Enables a company to have a one-to-one interaction with customers
- ii. Campaign can be launched within a short period of time
- iii. Can be easily monitored and evaluated

13. (d) All the above

Digital media include the following digital channels used for direct marketing

- i. E-mail marketing
- ii. Mobile marketing
- iii. Social media marketing
- iv. Display and search ads
- v. Mobile apps marketing

14. (d) All the above

The following are the advantages of digital media to run direct marketing campaign

- i. Offers interactivity with the customers
- ii. Digital media can personalize the message for each individual customer
- iii. Company can track user behavior to fine-tune offers accordingly

15. (d) All the above

Direct selling offers the following advantages.

- i. Demonstration of the product is made at customer 's home which helps in long-lasting personal relationships
- ii. Companies can avoid channel members so that saved money can be invested somewhere else
- iii. Advertising budget can be minimized
- iv. Company does not require any specialized workforce

16. (d) All the above

Direct marketing suffers from the following disadvantages compared to the traditional marketing

- i. The cost incurred in reaching customers in direct marketing is high compared to other marketing communications elements.
- ii. Customers perceive direct mails and telemarketing calls as intrusive and irritating and consider them as junk mail.
- iii. The unethical way of gathering information about customers without their consent.

Unit 16

Digital Marketing

Structure

- 16.1 Introduction
- 16.2 Objectives
- 16.3 Introduction to Digital Marketing
- 16.4 Purpose of Digital advertising
- 16.5 Internet Advertising Formats
- 16.6 Measuring Effectiveness of Internet ads
- 16.7 Advantages and Disadvantages of Internet ads
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- 16.10 Advantages and Disadvantages of Mobile Ads
- 16.11 Social Media Advertising
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- 16.14 Building Social Business
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- 16.17 Glossary
- 16.18 Self-Assessment Test
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- 16.20 Answers to Check Your Progress

“It’s hard to find things that won’t sell online.”

– Jeff Bezos

16.1 Introduction

The information shows the scope of digital marketing, and this is discussed in this unit.

Digital marketing refers to the use of various promotional techniques to reach customers through digital technologies such as Internet, mobile and social media. Digital marketing is a form of marketing which uses digital devices such as desktops, smartphones, cellphones, tablets and game consoles to interact with all

the stakeholders. Digital marketing makes use of various platforms viz. e-mail, websites, mobile apps, and social networks such as Facebook, YouTube, twitter etc. to interact with customers and other stakeholders. Digital marketing is also known as interactive marketing which interacts consistently with stakeholders through the use of digital technologies. Digital advertising plays a dominant role in digital marketing while influencing customer.

16.2 Objectives

After reading this unit, you should be able to:

- Explore the importance of digital media in enhancing interactive relationship with customers
- Explore various digital media ad formats such as Internet ads, mobile ads, and social media ads
- Explain customer engagement process in social media
- Know the advantages and disadvantages of digital media viz. Internet, mobile, and social media
- Explore opportunities to build social business and social CRM

16.3 Introduction to Digital Marketing

Digital refers to a number of different channels, all used to uniquely engage audiences and tackle various goals of the conversion funnel. The digital channels include display, search, mobile, social, and video among others. Thanks to digital's vast amounts of targeting technology and capturing of personal data, marketers are able to reach both large audiences and more granular segments without compromising scale. This includes being able to target by specific attribute including demographic, behavioral, psychographic, and more. Not only can marketers target groups of people, they can also target specific devices and even individual users regardless of what device they may be using.

Thus, digital marketing is the strategy and processes that connect marketers with their audiences across digital channels. An advertisement itself is a piece of creative shared via digital inventory - the space a publisher makes available for advertisements on its platform. Digital marketers are determined to measure success of campaigns. A number of user engagements can be tracked such as impressions, clicks, website hits, leads, and actual purchases. Digital makes it easier than traditional media to track Return on Investment (ROI), helping marketers to see the efficacy of their campaigns and make better decisions for optimization and the future. All this has been made possible largely due to internet technology and World Wide Web development.

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The Development and Generations of World Wide Web

Web 1.0 - The Non-Commercial Internet

The first generation of the internet is referred to as Web 1.0. According to Berners-Lee, Web 1.0 was "read-only web", which primarily allowed website visitors to search the information on the internet and read it. At this time, there was minimal user participation in the form of online content sharing and participation. Majority of the companies created website to create an online presence and disseminate specific information online. This generation of internet lasted from 1990 to 2000.

Web 2.0 - Creating a Commercial Internet

The second generation of the internet is also referred to as the "read-write" web. At this time, the internet landscape changed significantly with users being able to contribute content and interact with other web users seamlessly. Many new web-technologies such as RSS feeds, weblogs (blogs), social bookmarking, wikis, podcasts, RSS, social network and other platforms, web application programming interface (APIs) emerged. The Web 2.0 made web user experience a lot more interactive in which users could easily connect with other users and share content. Thus, in Web 2.0 the focus shifted from buyers to sellers. Web 2.0 has mainly been about AJAX, tagging, and other front-end user-experience innovations. Digital marketing strategies such as search engine marketing and optimization, social media and content marketing, online referral programs and other non-conventional marketing approaches became prominent in the Web 2.0 generation. This generation of the internet is assumed to be primarily from 2000 to 2010.

The Semantic Web: Web 3.0

Web 3.0 is a term that has been coined to describe the evolution of Web usage and interaction that includes transforming the Web into a database. Web 3.0 is an era in which the back-end of the Web is constantly being upgraded. Extending Tim Berners-Lee's explanations, the Web 3.0 is a "read-write-execute" web. Web 3.0 is defined as the creation of high-quality content and services produced by gifted individuals using web 2.0 technologies as an enabling platform. In this generation, machines can automatically interact and exchange data using artificial intelligence and machine learning. It allows for creating enormous value with data, and allows counterparties to communicate via a substrate of peer-to-peer networks without the need for third parties. Moreover, advanced technologies such as Resource Description Framework (RDF), Natural Language Processing and Web Ontology Language (OWL) can establish and describe concepts, relationships between entities, and categories of things. Thus, with the use of

semantics, they can often reason over the data and use heterogeneous data sources. Thus, this generation is also called as ‘Semantic Web’ and is regarded as an integrator of various information applications and systems.

The Future Web: Web 4.0

In recent years, the industry has been anticipating further evolution of the web, which is being referred to as Web 4.0. Although, this generation of internet is yet to emerge in real world, it is anticipated that the web-services would be led by a lot more autonomous, proactive, content-exploring, self-learning, collaborative, and content-generating agents based on fully matured semantic and reasoning technologies as well as AI. It is assumed that the internet will become a lot more automated, and thus invisible. This generation of the internet will be driven by virtual agents, and will use big data, virtual and augmented reality at its core.

16.4 Purpose of Digital Advertising

Running digital advertising campaigns and measuring their success is equally important as creating a strategy. In this unit we discuss steps involved in executing ad campaigns and how the performance of advertising can be measured. The steps involved in executing digital marketing campaigns would depend on the type of campaign and platform one is willing to use. At a broad level, one can choose between search, display and video ads, but then there are other types of ads as well which include native ads, product listing (shopping) ads, sponsored content ads, Inmail ads etc. Moreover, one must be accustomed to the ad platform being used (e.g. Google Ads, Facebook Ads, LinkedIn Ads, Bing Ads etc.), the features and options provided by the platform, the terminology involved and the flow of activities in the platform.

Digital media is an interactive media that helps companies to interact with customers. Companies can use digital media to meet various purposes based on their communication objectives. The various purposes of digital media are as follows.

- Awareness creation
- Interest generation
- Information dissemination
- Image creation
- Brand building

16.3.1 Awareness creation

Companies can use digital media to create awareness about the company and its products and is more useful for smaller companies with limited budgets.

Example: Svish's Awareness Creation Campaign

In September 2022, Svish, a personal hygiene brand, launched an advertisement campaign on social media channels, wherein it highlighted the importance of maintaining hygiene of under-the-belt for men. The ad highlighted the under-the-belt hygienic issues that men face like bad odour, jock itching, chafing, rashes, etc., and dispel their ignorance in doing so. The company towards the end of the advertisement, promoted its range of products meant for maintaining under-the-belt hygiene for men and women. This example represents the importance of personal selling in executing strategies for sustainable growth.

Source: BE Staff (13.09.2022). "Svish educates consumers about men's hygiene in new campaign". <https://brandequity.economictimes.indiatimes.com/news/advertising/svish-educates-consumers-about-mens-hygiene-in-new-campaign/94177565> Accessed on 19/09/2022

16.3.2 Interest generation

Many companies take great pains to create an interesting website of their company so that visitors spend more time with the website and get to know about the company and its products.

16.3.3 Information dissemination

B2B companies provide detailed information about its industrial products so as to inform technical details to business customers. B2C companies also provide complete product details on company websites. The purpose of the product display is to disseminate information about product or company.

16.3.4 Image Creation

Companies utilize every opportunity to create an image for company and its products. Company image is reflected in many ways such as website designing, mobile ads, and other communications on digital media.

16.3.5 Brand Building

Companies are allocating more ad budget for brand building activities on digital media because customers spend more time on various digital media such as desktop, smartphone, cellphone and tablet. Many of the reputed companies have captured the computer screen and mobile screen to influence customers for brand building activities.

16.5 Internet Advertising Formats

Advertising on the internet employs a variety of forms such as banners, sponsorships, pop-ups and pop-unders, interstitials, push technologies, links, paid searches, behavior targeting, contextual ads, and rich media to deliver promotional marketing messages to consumers.

- **Banner advertising (Display ads):** Banner ads are graphical ads displayed within a web page. A rectangular graphic display that stretches across the top or bottom of a website or down the right or left sidebar. The former type of banner advertisement is called a leader board, while the latter is called skyscrapers or verticals.

Banner ads can use rich media to incorporate video, audio, animations, buttons, forms, or other interactive elements to provide rich experience to customers.

- **Pop-Ups and Pop-Unders:** Pop-Ups are larger than banners which appear like a window on screen in an attempt to get viewer attention. Generally, a pop-up ad is displayed in a new web browser window that opens above a website visitor's initial browser window.

Pop-under ad opens a new browser window under a website visitor's initial browser window and become visible only when the user leaves the site. Pop-under is less obtrusive as it hides behind other windows. Pop-under is more popular than pop-up because higher percentage of visitors instantly close the pop-up window before viewing its content. In pop-under ads, visitors take the time to look at the ad because they visit the site after their work is over.

- **Floating Ads:** Floating ads appear superimposed over the requested website's content. Floating ads may disappear or become less obtrusive after a preset time period.
- **Interstitial Ads:** Interstitial ads get displayed before visitor can access requested content i.e. waiting for download or sometimes waiting for the content to load. Interstitial ads are often considered as interruption hence called as interruption marketing.
- **Search engine ads or Paid search:** Search engine advertising (marketing) is the process of attracting traffic by purchasing ads on search engines such as Google, Yahoo!, MSN, Bing Network, etc. In search engine advertising, advertisers pay only when a consumer clicks on their ad on a search engine page. It is also often called ad CPC (Cost-Per-Click) or PPC (Pay-Per-Click) advertising, because search ads are sold on a CPC/PPC basis. Advertisers even bid for the placement of their ad to get the best locations. Search engines provide sponsored results and organic or natural (non-sponsored) results on a web searchers query.
- Sponsored search allows companies to specifically target customers who are interested in their products and services. The advantage is that companies need to pay only when a customer clicks on their advertisement.
 - **Expanding ads:** Expanding ad is a rich media frame advertisement that changes dimensions upon a predefined condition, such as preset amount of time a customer spends on a webpage, the customer's click on the ad, or the customer's mouse movement over the ad. Expanding ads allow

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advertisers to fit more information into a restricted ad space. Expanding ad panels are basically user-initiated.

- **Behavioral targeting ads:** Behavioral targeting ads are developed based on targeting consumers according to their website-surfing behaviors. By analyzing click stream data and Internet Protocol (IP) information, segments of potential customers can be identified and ads directed specifically to them.
- **Contextual ads:** Contextual ads are determined based on the content on the webpage.
- **Podcasts:** Podcast is a program such as video, music or talk made available in digital format on Internet which can be downloaded into television, iPod or MP3 players.

Example: Growing Trends of Podcast Advertisement

According to a Forbes article (2021), many brands were preferring podcast advertisement to promote their products or services due to its effectiveness. 78% of consumers do not mind listening to podcast ads, and around 62% of consumers consider buying a product after listening to a podcast ad.

The above information shows the efficacy of podcast advertisement.

Source: Kurt Kaufer (13.08.2021), "Podcast Advertising for DTC Marketers: Why It Works, And How To Get Started". <https://www.forbes.com/sites/forbesagencycouncil/2021/08/13/podcast-advertising-for-dtc-marketers-why-it-works-and-how-to-get-started/?sh=15b3ecff3d43> Accessed on 19/09/2022

- **Online classified ads:** Online classified ad is an advertising posted on Internet in a categorical listing of specific products and services such as online yellow pages, online real estate listings, online job portals, online auction-based listings, etc.
- **Blog:** A blog is a shorter form of web log. It is an informational site posted on internet to facilitate discussion and exchange of knowledge. Posts are displayed in reverse chronological order to give the prominence to the latest post. Posts are in the form of articles, documents, research findings etc. Blogs may reflect the opinions of employees, any individual, a community, a company, etc. that provides an opportunity to advertisers to meet target audience. Blogs were actually posted by single individuals in the past but today more than one author i.e. "Multi-Author-Blogs" (MABs) have been developed with posts made by large number of authors.
- **Rich Media:** Rich media is an interactive digital media ad (webpage ad) that uses advanced technology such as streaming video, audio and animation that interact instantly with the user, and ads that change with the user's mouse movement. Rich media is more popular due to its option for user interaction.

16.6 Measuring Effectiveness of Internet Ads

Companies can understand the effectiveness of their ads on internet based on measuring four parameters as follows.

- **Web traffic:** Website traffic is an important measure to know the number of customers who have visited the company website. One can track the effectiveness of an ad campaign by measuring the traffic data from before, during and after the campaign. Web traffic should be measured on a daily, weekly, and monthly basis to understand the customer visiting patterns.
- **Conversions:** Conversions can take place at many levels such as clicks, registrations and sales. Banner ads use unique codes that track viewer interaction from the first click to the capture of registration information all the way to the completion of a sale, when possible. Using unique tracking codes to measure the number, frequency and type of conversions allows advertisers to see which ads are most effective. Companies can calculate the return on investment by totaling up all sales from an ad campaign and dividing that number by the total campaign cost.

Example: BrightCHAMPS Campaign on Facebook

In 2021, BrightCHAMPS, an India-based edtech company, ran an ad campaign on Facebook Ads, to increase the conversion rate of booking of free demo of online class. After the campaign, the company discovered that there was 2.5X increase in booking for online demo class.

The information shows a measurement of conversions after online ad campaign.

Source: BrightCHAMPS case study, 2021, <https://www.facebook.com/business/success/brightchamps> Accessed on 19/09/2022

- **Length of visit:** Length of visit is nothing but the type of interaction customer made in response to the ad campaign. Dwell is a term used to describe the proportion of impressions that customers engaged with and the duration of engagement. Mouse touch, click, and interaction are all metrics measured to compute dwell. Assume that customers' eyes move in unison with the mouse, it stands to reason that the dwell pertaining to an ad offers a reasonable estimate of the duration of time customers physically saw the onscreen impression of that ad. Increased dwell means increased customer interaction, which means an effective online advertising campaign. Measuring the length of visit is an important indicator of online ad engagement.
- **Reach:** Even the most engaging ad may produce little impact if it isn't seen by enough customers. Cookies, which track unique page visits on user's devices, allow ad servers to report on the number of customers reached with a single campaign. Measuring the number of customers who watch the ad is

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critical for a successful ad campaign. Exposure is a key measurement to understand the reach of ad campaign.

16.7 Advantages and Disadvantages of Internet Ads

Online advertising provides many advantages to marketers to promote their products and services and at the same time Internet poses few limitations which are as follows.

Advantages of Internet Ads	
Targeted audience	<ul style="list-style-type: none">• Exact targeting is possible so that waste coverage is minimized.• Campaign may generate more leads since it reaches the right audience.
Tailored message	<ul style="list-style-type: none">• Companies can tune its message in accordance with the tastes and needs of customers.• Interactive ads make the message one-to-one and influence customers better.
Affordability	<ul style="list-style-type: none">• Internet reaches all sections of audience and geographical locations hence become affordable. The cost per reaching one person is so less when compared with offline advertising.
Wider coverage	<ul style="list-style-type: none">• Internet is connected to every nook and corner hence ads reach wider sections of audience. The campaign is more successful because it reached more audience.
Easy to track and measure	<ul style="list-style-type: none">• Online analytics track customer movement and measure conversion rate more accurately.
Faster speed	<ul style="list-style-type: none">• Customers can be reached with greater speed to provide desired information.
Better ROI	<ul style="list-style-type: none">• Paid search ads have become more effective to elicit expected response.• Companies get better ROI because companies pay only when visitors click on the ad.
Effective audience engagement	<ul style="list-style-type: none">• Customers are engaged with ads due to its interactive nature.• Companies get immediate feedback based on customer engagement
Effective branding	<ul style="list-style-type: none">• Variety of internet ad formats facilitate companies to go for branding exercises.• The interactive nature, engagement and speed make branding exercise a dynamic experience to audience.

Example: Wise Reached Wider Audience with Facebook Ads

Wise, is a global fintech company that deals with international money transfers for individual and business customers in over 80 countries and 50 currencies. It wanted to increase its customer base by making aware to new audiences about its offerings. For this, in 2021, it turned to Facebook ads and ran ad campaigns in Australia. In doing so, due to the fact that there were many expats in Australia, it customized its ads culturally with 19 different languages and thereby reached wider audiences. As a result of this, it recorded 2X increase in its conversions rate.

The above information shows how Wise reached a wider audience.

Source: Wise case study, 2021, <https://www.facebook.com/business/success/wise> Accessed on 20/09/2022

The disadvantages of internet ads are as follows.

Disadvantages of Internet Ads	
Ad clutter	<ul style="list-style-type: none"> • Variety of internet ad formats and proliferation of ads make the medium more cluttered. • Customers find it difficult to identify a particular ad hence attracting attention is an herculean task.
Options are many	<ul style="list-style-type: none"> • Companies find it confusing to select ad format since the available options are many. Display ads and search ads compete with each other to attract company ad budget.
Browser complications	<ul style="list-style-type: none"> • Search engine speed and bandwidth etc. complicate browser operations. Customers may find it difficult to down load a video or other formats due to technical issues, in such cases companies lose opportunity to broadcast advertisements.
Privacy	<ul style="list-style-type: none"> • Internet ad formats like floating ads, interstitial ads etc. may intrude into the privacy of customers. Companies have to be careful enough to protect the privacy of customers.
Deceptivity	<ul style="list-style-type: none"> • Advertisers often target children with subtle messages which is not warranted. • Data retrieval without the consent of customer is another threat where companies collect customer credit card and other personal information from various internet sources.

Check Your Progress - 1

1. Digital advertising has which of the following communication objectives?
 - Awareness creation
 - Interest generation
 - Information dissemination
 - Image creation
 - Brand building
 - a) i, ii, iii, v
 - b) i, iii, iv, v
 - c) i, iv, v,
 - d) i, ii, iii, iv, v
2. Which of the following ads are developed based on consumer website-surfing behaviour?
 - a) Contextual ads
 - b) Display ads
 - c) Paid search
 - d) Behavioral targeting ads
3. Which of the following ads get displayed before visitor can access requested content i.e. waiting for download or upload?
 - a) Floating ads
 - b) Pop-ups
 - c) Interstitial ads
 - d) Expanding ads
4. Which of the following is an interactive digital media ad that uses advanced technology such as streaming video, audio and animation while interacting with the users?
 - a) Blog
 - b) Rich media
 - c) Podcasts
 - d) Online classified ads
5. Which of the following parameters are used to measure the effectiveness of internet ads?
 - i. Web traffic

- ii. Conversions
 - iii. Length of visit
 - iv. Reach
 - a) i, ii, iii
 - b) i, iii, iv
 - c) i, ii, iv
 - d) i, ii, iii, iv
6. Which of the following is an advantage of internet ads?
- a) Tailored message
 - b) Ad clutter
 - c) Browser complications
 - d) Deceptivity
7. Which of the following is the disadvantage of internet ads?
- a) Privacy
 - b) Affordability
 - c) Targeted audience
 - d) Effective audience engagement

16.8 Mobile Advertising

Mobile advertising is delivery of advertising through wireless mobiles such as smartphones, cell phones and tables. Mobile advertising takes variety of forms such as display ads (static and rich media), SMS (short message service) or MMS (multimedia messaging service) ads, mobile search ads, advertising within mobile websites, ads within mobile applications etc. Mobile advertising is a subset of mobile marketing.

Mobile advertising is growing faster than internet advertising today owing to its wider reach and connectivity during commutation. Many advertisers have rushed to mobile advertising because mobile phones outnumber TV sets.

Example: Hellmann's Whatscook WhatsApp Campaign

Hellmann's, a popular brand for mayonnaise, spreads, etc. launched an advertisement campaign on WhatsApp called Whatscook. The campaign with the title "Don't know what to cook? With Hellmann's, there is a way!" shared

Contd.

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a link on customers' WhatsApp and asked them to upload an inside photo of their fridge. A chef from Hellmann's came up with a recipe to the customer online based on the items available in the fridge and with Hellmann's mayo. The chef took the customer step-by-step all through the recipe using video, pictures, and illustrative drawings. In just 2 weeks, the campaign reached to millions where 8000 people participated in the campaign.

The above information shows how creatively Hellmann's used mobile advertising.

Source: CM.com (01.04.2022), "How to Use WhatsApp for Business: 6 Creative Customer Case Studies". <https://www.cm.com/en-ke/blog/whatsapp-for-business-6-creative-customer-case-studies/> Accessed on 20/09/2022

16.9 Mobile Ad Formats

The mobile advertising space is highly competitive even though the industry is still in the early stages of development. There has been more innovation in ad formats to ensure customer engagement for a long time and interact with the ad. The most preferred mobile ad formats include message ads (SMS and MMS), display ads (Both web and app) including banner (static) ads and rich media ads, search ads, video ads, etc.

The Mobile Marketing Association (MMA) provides guidelines and standards for ad formats, presentation, and metrics. Mobile ads should follow MMA guidelines while creating ad formats. The effectiveness of a mobile media ad campaign is measured in terms of impressions (views), click-through rates (CTR), conversion rates, and other degrees of interactive measurement. Mobile media can run on a mobile web page or within a mobile application i.e. in-App. The enriched ad formats include rich media mobile ad, mobile interstitial ads etc. which are also discussed below.

- **Mobile Message Ads:** Mobile message ads are two types such as SMS and MMS. SMS message ad is where companies collect mobile phone numbers and send off ad message in SMS form. SMS messages are read within four minutes making them highly convertible. In India, National Do Not Call Registry protects mobile users to stop SMS advertisements by sending a simple SMS or calling 1909.

MMS (Multimedia Message Service) ad contains a timed slide show of images, text, audio and video. Many companies view sight, sound and motion as major enhancements to their brand's message. Companies are able to send (mobile terminated) and receive (mobile originated) rich content through MMS A2P (application-to-person) mobile networks to mobile subscribers. In some networks, companies are also able to sponsor messages that are sent P2P (person-to-person).

- **Mobile Display Ads:** App usage has greatly increased with the widespread use of Smartphone. Marketers wanted to take advantage of Smartphone apps as an advertising platform for direct engagement and targeted advertising. Mobile display ads are delivered to mobile devices equipped with mobile content providers such as Google, Yahoo!, MSN, etc. Display ads also known as banner ads appear within mobile content allowing the user to click through to a page.

Example: Sales Team using Digital Customers' Behavioural Insights

Since 2013, in Malaysia, the Cadbury Zip, a wafer chocolate was popular, but due to sourcing issues, it changed its recipe, which caused the brand to lose market share. However, in 2021, Cadbury combined its popular dairy milk chocolate with the Zip wafer and relaunched in the market. To regain the hearts of Malaysian youth, Cadbury wanted an attention-grabbing ad campaign. To do this, it launched an ad campaign on Instagram and Facebook where it released 10-seconds videos highlighting the life moments with Cadbury. Aftermath, it recorded an increase in its market share.

The information shows how Cadbury used mobile display ads.

Source: Cadbury Zip Malaysia case study, 2021, <https://www.facebook.com/business/success/cadbury-zip-malaysia> Accessed on 20/09/2022

- **Mobile Search Ads:** Mobile search ads are more effective compared to desktop search and are displayed in a different color. Mobile paid search has been growing fast due to the rise in smartphone and tablet use as well as to the introduction of enhanced campaigns.

Companies can go for mobile search ads to attract high quality traffic from relevant search results.

- **Mobile Rich Media Ad:** Mobile rich media ads are enriched version of display banner ads. The growing trend is to incorporate rich media execution within the banner ads. In mobile rich media, banners would expand to a larger size, offering advertisers a larger display to communicate their message. For example, games within the banner to make the experience more interactive or a video within the banner space.

The IAB (Interactive Advertising Bureau) has announced the final version of the mobile industry standard for rich media advertisements as MRAID format. MRAID, which stands for “Mobile Rich-Media Ad Interface Definitions”, is a framework for mobile advertisers and publishers that will allow rich media ad creatives to run across all compliant devices and applications. MRAID format facilitates rich media ad to run on any device and any app that supports the standard.

Every year the Web Marketing Association names the Best Mobile ad as part of the annual Internet Advertising Competition (IAC) Awards.

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- **QR Codes:** QR Code (Quick Response) is a two-dimensional matrix barcode, readable by QR scanner, mobile phones with a camera and smartphone. The code consists of black modules arranged in a square on white background. The information encoded can be text, URL or other data. QR code has the potential to contain all kinds of information about a product, service, company, person, or advertisement. The code is read by a QR scanner which is embedded in all smartphones.
- **Bluetooth Ad:** Bluetooth advertising uses bluetooth technology to deliver content in the form of an advertisement to mobile devices such as cellphone, smartphone and tablet. Bluetooth advertising is permission-based where the receiver has a choice to accept or reject the ad or message.

16.10 Advantages and Disadvantages of Mobile Ads

The number of mobile devices is going to cross the total population of the world shortly due to its multi-usage interface. Companies find that digital advertising is more effective than offline media due to various advantages. Mobile advertising also has few limitations while connecting the targeted audience. The advantages and disadvantages are discussed below.

Advantages of Mobile Ads	
Omnipresence	<ul style="list-style-type: none">• The concept of ‘mobile’ literally means ‘not in one place’. Mobile devices become part of a person, not ‘part of one of their locations’.• Most mobile phone users are within an arm’s reach of their devices over 90% of waking hours.• Customers can almost always be reached.
Convenience	<ul style="list-style-type: none">• Since the screen size is small, it limits the scope of content that can be displayed. This makes it convenient for the creators of the content, who can keep it basic and simple. Also, simpler content will adapt itself to various mobile platforms.
Tracking response	<ul style="list-style-type: none">• User response can be tracked almost instantaneously. This helps the marketer better understand and analyze user behavior, thus improving their own standards of service.
Viral in nature	<ul style="list-style-type: none">• Since users invariably share good information and offers with their friends and family, companies get viral benefits of faster diffusion with no extra effort.
Data integrity	<ul style="list-style-type: none">• Companies with user’s personal mobile number can improve CRM integrity while developing personalized messages.• By having the prior interaction history companies can meet customers’ conversation expectations.

Advantages of Mobile Ads	
More attention	<ul style="list-style-type: none"> Smartphone users check their phone about 34 times a day to consume more online content than traditional media.
Timeliness	<ul style="list-style-type: none"> The always-on and always-aware nature of mobile devices provides more timely communications.
Intimate device	<ul style="list-style-type: none"> Sharing of mobile devices is not unheard of like sharing of personal computers. Mobile devices provide intimate platform where sensitive and intimate conversations are possible.
Payment system	<ul style="list-style-type: none"> Mobile payment system facilitates customer to go for immediate action if mobile ad is able to influence customers.

Example: Align Technology Tracked its ad Campaign

Align Technology, a globally renowned medical device company, wanted to increase the effectiveness of its advertisements. It revised its advertising strategies and opted for mobile-based Facebook video ads. In 2021, it launched a series of ad photos and six-seconds videos on mobile over Facebook and Instagram platforms and earned a 12% more Click-Through Rate (CTR).

The above information shows how mobile ads enable Align Technology to track its campaign.

Source: Align Technology case study, 2021, <https://www.facebook.com/business/success/aligntech-japan> Accessed on 20/09/2022

Mobile ads also pose the following disadvantages.

Disadvantages of Mobile Ads	
Mobile ad formats differ	<ul style="list-style-type: none"> Mobile screens do not have any particular standard, as compared to PCs and laptops. Mobile phones come in many shapes and sizes, so screen size is never constant. Mobile platforms vastly differ based on OS' and browsers. Hence creating one campaign for all of them can get difficult.
Privacy	<ul style="list-style-type: none"> Mobile ads intrude into personal privacy often. Marketers need to understand and respect the fact that users would like their privacy hence permission should be taken before launching any ad campaign.
Navigation	<ul style="list-style-type: none"> Mobile phone usually comes with a small screen and no mouse. Navigation on a mobile phone is difficult for users, even if it has a touch screen. In such a case, most ads may go unnoticed, as the user may find it too tedious to look in detail through each one of them.

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Interactive Advertising Bureau (IAB), Australia, has already instructed all the marketers to ensure creative ad campaigns in a mobile compatible format since mobile advertising is the fastest growing segment in the country.

16.11 Social Media Marketing

Social media marketing is a form of internet marketing that implements various social media networks in order to achieve marketing communication and branding goals. Social media marketing gains traffic or attention through social media sites. Social media marketing primarily covers activities involving social sharing of content, videos, and images for marketing purposes.

Social media represents variety of tools that are used to combine technology and social interaction with the use of words. These tools are typically internet or mobile based. Companies use various social media sites such as Twitter, Facebook, MySpace, Instagram and YouTube etc. to interact with customers.

Social media marketing can help with a number of goals as follows:

- Website traffic
- Conversions
- Brand awareness
- Creating a brand identity and positive brand association
- Communication and interaction with key audiences

Social media marketing has created a remarkable impact on business.

Social media allows individuals to interact with one another and build relationships. When companies join social media, customers can interact with companies and vice versa. The interaction looks more personal than coming from a third party source such as a company or brand. Customers trust more personalized interactions than message coming directly from the company. Customers spread the message faster and create content for the promotion of a particular brand if they like the interaction.

Customer voice has become more powerful on social media and they can even kill a product if they have a bitter experience with product usage.

With the growth of social media into all the cultures and countries, traditional marketing practices such as market segmentation got redefined. Facebook and other social media sites allow companies to specifically target many ambiguous and often transitory segments of a particular market and engage with larger numbers of people on a more personal level.

Example: Aveeno Hong Kong Leveraged Facebook Collaborative Ads

Aveeno Hong Kong, a skin and healthcare brand under Johnson & Johnson, wanted to increase its brand awareness and online sales. For this, in 2021, it went with a new “full-funnel” strategy wherein it ran Facebook Collaborative Ads campaign. In the campaign, it released in-stream video ads and stories with reach and views objectives. Aftermath, it recorded a 1.38X more returns on its ad spend.

The above information shows how Aveeno leveraged social media marketing and gained more returns.

Source: Aveeno Hong Kong case study, 2021, <https://www.facebook.com/business/success/aveeno-hong-kong> Accessed on 20/09/2022

For example, customers who purchase luxury brands exhibit a certain level of exclusivity hence companies take an exclusive route to garner the interest of luxury consumers.

Social media being an inclusive media provides an exclusive opportunity to luxury consumers to have their exclusive brand promoters.

16.12 Luxury Consumers on Social Media Mix

Social media now has become a serious business proposition. One would be amazed at the powerful connections that social media sites have. Publishing a very valuable piece of information is the mantra for social media success. Social media sites are evolving to provide innovative features to answer every challenge. Companies can expect proliferation of social media websites and applications with better features.

Companies can use various social media sites or social media mix to promote their brands, products and services as follows.

Twitter: Twitter is a social networking and microblogging website for exchanging 140-character text message known as ‘tweets’. Registered users can read and post tweets and others can only read the tweets. Twitter allows a company to broadcast about updates like special events, discounts, and special news. Twitter allows companies to promote their products in short messages which appear on followers’ home pages. Messages can link to the product’s website, Facebook profile, photos, videos, etc. Companies can retweet to answer customer’s questions and gain a steady stream of followers in return.

Facebook: Any person who is above 13 years of age can register as a user of the website. Facebook pages are more elaborative than Twitter accounts. Facebook pages allow a company to speak about its products through videos, photos, product descriptions, and testimonials of loyal customers. Facebook pages facilitate conversation among users to discuss about a particular product. Facebook can link back to the product’s Twitter page as well as send out event reminders.

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Companies have to pay careful attention to layout as the visual component is a key aspect of the Facebook experience. Facebook is a place people go to relax and chat with friends so companies have to focus on friendly conversations and attract audience by posting industry related articles, images, videos, etc.

Example: shu uemura used Facebook for Advertisement

shu uemura, a Japan-based beauty brand, wanted to attract new customers during shopping seasons, and also wanted to know whether running ads focusing on the consideration stage of customer buying journey would drive more website traffic and thereby generate more sales. To do this, in 2022, it experimented with its Facebook ad campaign strategy and developed a series of 10-15 seconds videos on product benefits, including product demonstrations and testimonials and used them in Collaborative Ads. Alongside of this, it also ran its usual Facebook ad campaign that featured images and videos of exclusive online offers. In all ads a “Shop Now” button was featured that directed customers to the shu uemura’s ecommerce website. Aftermath, it recorded an increase of 33% in sales.

The above information shows how shu uemura has used Facebook for advertisement.

*Source: shu uemura case study, 2022, <https://www.facebook.com/business/success/shu-uemura>
Accessed on 21/09/2022*

YouTube: YouTube is a video-sharing website where users can upload, view and share videos. YouTube is owned by Google. YouTube is an ideal platform for companies to share video content with the targeted customers. Many companies create video content with the intention of having their video ‘go viral’ since the content is more relevant to the targeted audience. Promotional opportunities such as sponsoring a video is also possible on YouTube, for example, a user who searches for a YouTube video on ‘marathon’ may be presented with a sponsored video from a sports shoe company in results along with other videos. YouTube also enable publishers to earn money through YouTube Partner Program.

LinkedIn: LinkedIn is a professional business-oriented social networking site. It is mainly used to create professional profiles of companies to speak about themselves and develop professional networking. Companies can talk about their business on LinkedIn to network and meet customers. Members can use “Company Pages” similar to Facebook pages to create an area that will allow business owners to promote their products or services and be able to interact with their customers.

LinkedIn is also used to find jobs, people and business opportunities recommended by someone in one’s contact network. Companies can also list jobs and search for potential candidates. Companies rely more on LinkedIn profile to capture authentic information about people. Companies can use widgets to

promote their social networking activities, such as Twitter stream or blog entries of their product pages, onto their LinkedIn profile page.

Instagram: Instagram is a free photo-sharing, video-sharing and social networking service that enables its users to take a photo or video, apply a digital filter to it, and then share it with Instagram and other social networking sites, such as Twitter, Facebook, Flickr, etc. It allows users to record and share videos lasting for up to 15 seconds.

Instagram's aim is to make any advertisements users look natural and enjoyable as they see in magazines. Users have an option to hide promotions they don't like and can also give feedback about what doesn't 'feel right' about the ads.

Instagram ads provide companies' access to a wider audience and create better engagement. The key metrics that Instagram and companies are focusing on are reach, ad recall, and brand awareness. Social metrics like followers, comments and likes are less important here.

16.13 Customer Engagement Process

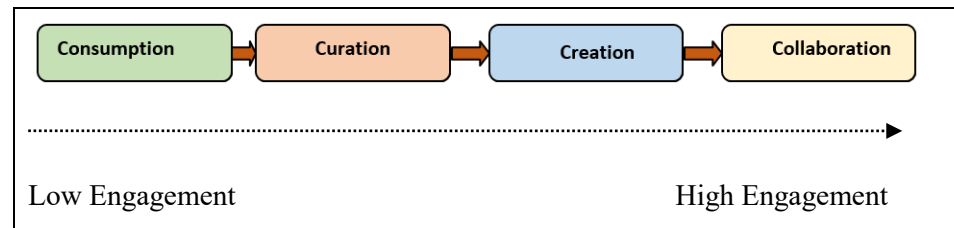
Customers have billions of conversations among themselves every day. Companies pay attention to the conversation surrounding their company and take pleasure in promoting products/services in the best light possible. Companies can influence what customers speak about a brand but no longer own the conversation entirely. Social media has enabled companies to engage with customers and has also empowered customers to have a louder voice than ever before.

Companies have changed their marketing approach to give more importance to customers' continuous interaction. They have started focusing on personalized interactions, understanding customers' unique tastes, delighting customers with better value proposition etc. Marketers have realized the importance of customer engagement and started uncovering the rules of customer engagement.

Companies have to nurture customers as individuals with their own stories, rather than anonymous transactions. Social media channels are a key way to interact with customers and build those human relationships. Customers have more choices because they are more informed than ever before. If companies cannot satisfy them, they quickly switch and move on to other brands. Companies have to see that customers are engaged always. Engaged customers would become strong brand advocates on social media. Engaged customers promote brand stories that go viral on social media.

Customer engagement does not happen in a single day. It needs deliberate and continuous effort from companies to develop deeper relationships with customers. Customer engagement process has the following four stages with increasing states of engagement.

Figure 16.1: Customer Engagement Process



Source: ICFAI Research Center

- **Consumption:** The first step in the process of customer engagement is consumption. Consumption means in social media downloading, reading, listening, watching to digital content. Customers can share content with others only when they first consume the content. Hence, consumption is the starting point for customer engagement. What we share is only a sub set of what we consume because customers filter information. Majority of customers on the social media are taking (consuming) rather than putting back (creating). Social media provides a platform to make everyone a publisher but a lot of people are busy enough in consumption to create.

If companies want their customers to move beyond consumption and into activities like content creation, they have to encourage customers to create. It is very important to move customers beyond consumption and into creation. The consumption stage in a true sense is not social at all because it is an individual activity but a necessary activity. In social media the content still matters, but the interactions and conversions that the content enables between members become crucial. For example, the number of people who visited social media sites such as Facebook, Twitter or Instagram and the time spent is a consumption stage.

- **Curation:** Curation makes the junk sink and sharing the good stuff with the online community. Curation is the act of sorting, filtering, rating, reviewing, commenting on, tagging or otherwise describing content. It is like retweeting, where one has to think critically and reflectively while curating content. Of course one can easily curate a bunch of garbage pretty easily if he does not filter the content well. Curation is all about finding and sharing things that customers find useful.

Curation is an important social action in that it helps shape, prune, and generally increase the signal-to-noise ratio within the community. Note as well that curation happens not only with content, but also between members themselves. The process of curation is the first point at which a participant in the social process is actually creating something.

Consumption is a one-directional action and does not drive social interaction by itself. Curation teaches customers to participate, to create, in small, low-risk steps that are easy to grasp. Curation makes customers active members

of the community and to participate in the later creative and collaborative processes over a long period of time. The community orientation begins at the curation stage. For example, customers postings such as ‘like or dislike’ a video on a social media such as YouTube or Facebook is a curation stage.

- **Creation:** Content creation is more engaging than content curation. Content creation requires that community members offer up something new that they have made themselves. This stage is a significantly higher hurdle than curation stage that needs a special plan of action.

How can companies encourage creation? Step 1 is providing tools, support, help, templates, samples, and more. The less work customers have to do the better. For example, when someone has taken a photo on a now-common 6-or-8 megapixel phone camera, stating uploads are limited to 100 Kbytes is tantamount to “sorry, we’re closed”. Instead, build an application that takes any photo and then resizes it according to content needs and technology constraints. Hang a big “All Welcome” sign out and watch how customers start create content.

Customers like to share what they are doing, post about the things that interest them, and generally be recognized for their own contributions within the larger community. Reputation management - a key element in encouraging social interaction- is based directly on the quantity and quality of the content created and shared by individual participants. The combination of easy content publishing, curation, and visible reputation management are the cornerstones of a strong community.

Example: Cash Crusaders used WhatsApp Chat to Create Customer Traffic

Cash Crusaders, is a South African based retailer that offers buying and selling of both new and second-hand products through 220 stores across the country. It wanted to increase the customers’ response rate who look to sell products. It was using standard templates for email marketing, and later it included its WhatsApp number on those emails, as a new customer care platform. Immediately after this change, Cash Crusaders recorded huge traffic coming in through WhatsApp chat.

The above information shows the creation stage of customer engagement.

Source: CM.com (01.04.2022), “How to Use WhatsApp for Business: 6 Creative Customer Case Studies”. <https://www.cm.com/en-ke/blog/whatsapp-for-business-6-creative-customer-case-studies/> Accessed on 21/09/2022

- **Collaboration:** Consumption, curation and creation can be largely individual activities. One can watch a few videos, rate one or two, and then upload something. That can build traffic, can build traffic library, and can drive page views, all important aspects of a media property. But they are not necessarily strong social actions.

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Collaboration occurs naturally between members of the community when given the chance. For example, take a look at a blog that you subscribe to, and you'll find numerous examples of posts, reinterpreted by readers through comments – that flow off to new conversations between the blogger and the readers. Bloggers often adapt their 'product' on-the-fly based on the inputs of the audience.

Many of the bloggers take direction from readers' comments and then build a new thought based on the reader's interests and thoughts. This is actually a window into what social business is all about: Directly involving customers in the design and delivery of what you make.

16.14 Building Social Business

Social business means connecting networks of customers, partners, and employees, using analytics to derive insights from those connections, and using those insights to improve business functions. It's an organization that uses social networking tools fluently to communicate with people inside and outside of the company. Becoming a social business can help an organization deepen customer relationships, generate new ideas faster, identify expertise and enable a more effective workforce.

Companies can build their brands using social media which allows them to develop new relationships or deepens existing relationships. Social business is often better able to respond to market place dynamics and competitive opportunities than a traditionally organized company. This may happen through social media community or discussion forum or any other social contexts.

The efforts of social media may lead to the creation of a social business which often begins with identifying or creating an opportunity for participation with (between) customers, employees, or stakeholders within community or similar social applications. When social business practices are approached and implemented correctly, everyone wins. By bringing customers into the business, or directly involving stakeholders in the design and operation of the organizations with which they are associated, a steady flow of ultimately constructive ideas emerges.

The success of social business depends more than understanding what your customers or stakeholders are talking about and how that relates to your company. Social business depends as well on connecting your employees into social process. For example, the learning vis-à-vis the social data collected may be routed to and applied in marketing, to operations area like customer support or to other departments within the company where it can be acted upon. The final link in the chain is therefore to connect employees to each other and into the flow of customer information. Connecting employees to employees and customers make the conversations meaningful and practical in the development of social business.

Example: McKinsey Survey on Building Social Business

In 2022, McKinsey published an article on the importance of building social business for sustainability of organization. The article said that customers had changed the way they engage with companies on social media platforms. Previously, customers used social media as an escalation channel when traditional service channels did not address their problems. Now, customers are using social media more for general queries, requests, and feedback. Customers spend 20%-40% more with the companies that respond to their service requests on social media. On the other side, companies that do not give any response to customers on social media were losing customers every year – 15% churn rate against the companies that do respond on social media.

The above information shows the importance of building social business.

Source: Avinash Chandra Das, et al. (27.04.2022) "Social media as a service differentiator: How to win". <https://www.mckinsey.com/capabilities/operations/our-insights/social-media-as-a-service-differentiator-how-to-win> Accessed on 21/09/2022

Walmart is also leveraging digital media to enhance its social business.

16.15 Social CRM

Social CRM (Customer Relationship Management) enables companies to engage with customers with the help of social media. Social CRM integrates social media services, techniques, and technology with customer relationship management (CRM) strategies. Social CRM optimizes the power of social interactions to get closer to customers. Companies are under great pressure with the explosion of social media to read, understand and respond to customer expectations. Social CRM involves observing, measuring, and connecting customer groups to craft customer winning strategies.

Companies are rapidly embracing social media not only to build online communities, but also to create innovative social commerce programs, improve customer care, and streamline customer research. Companies have to design innovative customer relationship programs to exploit the potential of social media to deliver tangible value in return for customers' time, attention, endorsement and data.

Social CRM allows companies to better understand the potential needs of their customers by targeting and segmenting them based on data collected. Traditional CRM strategy focuses on the sales, marketing, and service/support departments to be effective. Today, Social CRM is primarily managed by Public Relations departments to keep the brand image consistent across social media mix. The biggest change is that Social CRM interactions and conversations are driven by the user, not the business. The new role of a business is to facilitate this dialogue on social media.

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Example: Uber does Social CRM

Uber, a taxi giant, uses Salesforce CRM tool. The tool helps Uber to extract the data from people who engaged with Uber on social media channels. With this, Uber replies to customer complaints in no time, and tracks all their interactions with Uber.

The above information shows how Uber is performing social CRM.

Source: Rob Binns (20.04.2021). "Big Brand CRM Case Studies 2022". <https://www.expertmarket.co.uk/crm-systems/customer-relationship-management-case-studies> Accessed on 21/09/2022

The basic differences between traditional CRM and Social CRM are summarized in the following table 16.1.

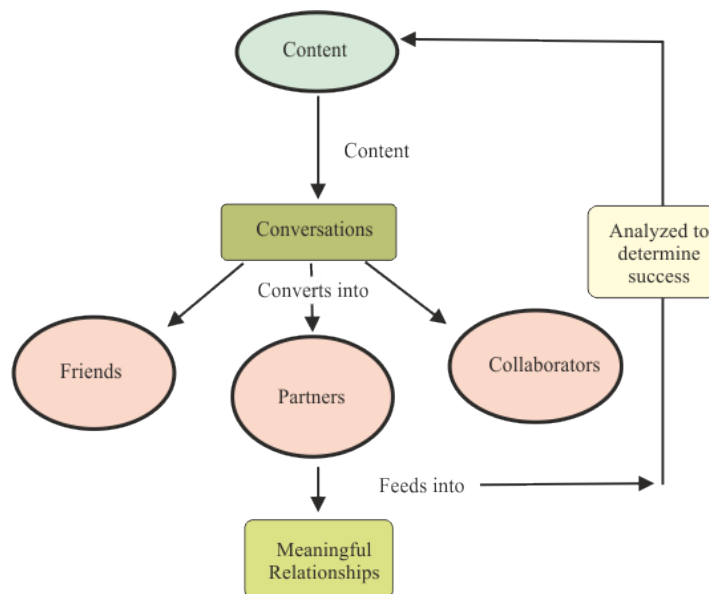
Table 16.1: Traditional CRM vs. Social CRM

Features	Traditional CRM	Social CRM
Who	Specific departments	Everyone
What	Company-centric process	Customer-centric process
Where	Defined channels	Customer-driven dynamic channels
When	Set business hours	Customer-set hours
Why	Transaction	Interaction
How	Messages flow outside	Messages come inside

In spite of CRM strategies, companies find it difficult in understanding customers because there is perceptual gap between customers and company on why they interact with each other through social media.

Social CRM helps companies to bridge the perceptual gap between customers and companies with the exploitation of social media for understanding each other. As customers begin to connect, they will form and publish opinions and put forth suggestions with regard to what they like or dislike about a specific brand, product, or service. Social CRM provides an organized way to take customer insights for improved services, products and customer experiences. In a constant cycle of listen, analyze, engage, and evolve, companies can optimize social media programs to continually enhance their business.

The ultimate purpose of Social CRM is to develop meaningful relationships among customers and other stakeholders for customer-driven innovation. Social CRM converts content into conversations, extends conversations into collaborative experiences, and transforms experiences into meaningful relationships as shown in figure 16.1.

Figure 16.1: Social CRM Process

Source: ICFAI Research Center

- Converting content into conversations
- Extending conversations into collaborative experiences
- Transforming experiences into meaningful relationships

Social CRM is ultimately the business strategy of engaging customers through social media with the goal of building trust and brand loyalty through meaningful relationships. Social CRM and Social Media are more about meaningful relationships than about managing relationships or transactions, which are focus areas of “traditional” CRM.

Check Your Progress - 2

8. Which of the following is the most important reason for smartphone usage?
 - a) Check and send e-mail
 - b) Read news articles
 - c) Play online games
 - d) Listen to music/radio
9. What are customers' preference for device change throughout the day?
 - i. Mobiles brighten the commute and used more during 7 AM - 10 AM
 - ii. PCs dominate working hours during 10 AM – 5 PM
 - iii. Tablets popular at night during 8PM - 12 AM
 - a) i, ii,

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- b) i, iii
 - c) i, ii, iii
 - d) ii, iii
10. Which of the following is a two-dimensional matrix bar code readable by mobile with a camera or Smartphone to know about product, promotions, advertisements etc.?
- a) Bluetooth ad
 - b) Mobile rich media ad
 - c) QR Codes
 - d) Mobile message ads
11. Which of the following are the advantages of mobile advertising?
- a) Omnipresence
 - b) Convenience
 - c) Tracking response
 - d) All the above
12. Which of the following are the goals of social media marketing?
- i. Website traffic
 - ii. Conversions
 - iii. Interaction with audience
 - iv. Brand awareness
 - v. Brand association
- a. i, ii, iii, iv
 - b. ii, iii, iv, v
 - c. iii, iv, v
 - d. i, ii, iii, iv, v
13. -----is a social networking and microblogging website for exchanging 140-character text message known as -----
- a) Twitter, Tweet
 - b) Facebook, page
 - c) YouTube, Post
 - d) LinkedIn, Account
14. Customer engagement process has four stages. What are they?
- a) Collaboration, Curation, Creation, Consumption
 - b) Consumption, Curation, Creation, Collaboration
 - c) Consumption, Curation, Collaboration, Creation
 - d) Consumption, Creation, Curation, Collaboration

15. Which of the following are the goals of social business?
- Driving brand affinity
 - Providing customer support
 - Crowd sourcing
 - Recruiting and managing talent
 - Increasing sales
 - Collaboration
- i, ii, iii, v, vi
 - i, iii, iv, v, vi
 - i, iv, v, vi
 - i, ii, iii, iv, v, vi
16. Social CRM means -----
- Converting content into conversations
 - Extending conversations into collaborative experiences
 - Transforming experiences into meaningful relationships
 - All the above

16.16 Summary

- Digital marketing refers to the use of various promotional techniques to reach customers through digital technologies such as Internet, mobile and social media.
- Digital marketing makes use of various platforms such as e-mail, websites, mobile apps, and social networks such as facebook, YouTube, twitter etc. to interact with customers and other stakeholders.
- The various purposes of digital advertising are explained as awareness creation, interest generation, information dissemination, image creation and brand building.
- The unit discusses various Internet advertising formats such as banner (display) ads, pop-ups and pop-unders, interstitial ads, search engine ads (paid search), expanding ads, behavioral targeting ads, contextual ads, podcasts, online classified ads, rich media and blogs.
- The effectiveness of Internet ads are measured based on four parameters such as web traffic, conversions, length of visit and reach. The various advantages and disadvantages of Internet ads are also explained in a tabular form.
- The unit defines mobile advertising as delivery of advertising through wireless mobiles such as Smartphones, cellphones and tablets.

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- The various uses of Smartphones along with mobile ad formats such as mobile message ads, mobile display ads, mobile search ads, mobile rich media ads, QR codes, and Bluetooth ads are also discussed. The advantages and disadvantages of mobile ads are also explained.
- The unit has a special focus on social media marketing with a number of goals such as website traffic, conversions, brand awareness, creating a brand identity and positive brand association, and communication and interaction with key audiences. The unit discusses various social media platforms such as Twitter, Facebook, YouTube, LinkedIn, Instagram, Vine, Flickr and Foursquare. Customer engagement process is discussed with four stages as consumption, curation, creation and collaboration. The unit concludes with a discussion on building social business and Social CRM.

Some of the digital marketing terms are explained as follows.

- **AdWords:** AdWords is an online advertising service provided by search engines like Google that places advertising copy at the top or bottom of, or beside, the list of results search engine (Google) displays for a particular search query. Companies are charged only if a customer clicks on advertisement and enters companies' website, not when advertising is displayed on search engine.
- **Cost-Per-Click (CPC, also called pay-per-click):** A website that uses CPCs would bill by the number of times a visitor clicks on a banner instead of by the number of impressions. Cost per click is often used when advertisers have a set daily budget. When the advertiser's budget is hit, the ad is removed from the rotation for the remainder of the period.
- **Consumer Analytics:** Consumer analytics is a process to examine customer information from customer behavior to identify, attract and retain the most profitable customers. It is used to design marketing strategies for direct marketing, customer relationship management and also to predict customer behavior.
- **Pay-Per-Click (PPC, also called cost-per-click):** PPC is an internet advertising model used to direct traffic to websites, in which advertisers pay the publisher (typically a website owner) when the ad is clicked. It is defined simply as "the amount spent to get an advertisement clicked."
- **Social Media Marketing (SMM):** Social media marketing is a marketing tool that uses social networking sites such as YouTube, Twitter, Facebook, etc. to gain website traffic. The purpose of SMM is to generate content that users share with their social network to help a company increase brand exposure and broaden customer reach.
- **Search Engine Optimization (SEO):** Search engine optimization is a web marketing technique which helps search engines find and rank a company's

website higher than the millions of other sites in response to a search query. SEO helps companies get more traffic from search engines.

- Search Engine Marketing (SEM): SEM is the art of gaining more and better qualified traffic and visibility from search engines through both paid and unpaid efforts to your website. Search marketing is actually classified into SEM and SEO. SEO is 'search engine optimization' to attract traffic through unpaid search.
- Search Engine Marketing (SEM) is attracting more traffic through paid search such as PPC (pay-per-click and pay-per-call), CPC (cost-per-click), CPM (cost-per-thousand impressions), etc. For example, Google AdWords, Bing Ads and Yahoo Search Ads are the most popular paid search platforms used by companies to attract more traffic to their website.

16.17 Glossary

AdWords: AdWords is an online advertising service provided by search engines like Google that places advertising copy at the top or bottom of, or beside, the list of results search engine (Google) displays for a particular search query. Companies are charged only if a customer clicks on advertisement and enters companies' website, not when advertising is displayed on search engine.

Banner ad (Display ad): An ad on Web page that may be 'hot-linked' to the advertiser's site. Banner ads are graphical ads displayed within a web page.

Behavioral targeting: A basis for target marketing based on consumer's website surfing behaviour.

Blog: Blog is a web-based publication consisting primarily of periodic articles written and provided in reverse chronological order. Blogs may reflect the writings of an individual, community, corporation etc.

Consumption: Consumption means social media downloading, reading, listening, watching to digital content.

Contextual ads: Internet advertising placed on the basis of the content of the web page.

Cost-Per-Click (CPC, also called pay-per-click): A website that uses CPCs would bill by the number of times a visitor clicks on a banner instead of by the number of impressions. Cost per click is often used when advertisers have a set daily budget. When the advertiser's budget is hit, the ad is removed from the rotation for the remainder of the period.

Curation: Curation is the act of sorting, filtering, rating, reviewing, commenting on, tagging or otherwise describing content.

Consumer Analytics: Consumer analytics is a process to examine customer information from customer behavior to identify, attract and retain the most

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profitable customers. It is used to design marketing strategies for direct marketing, customer relationship management and also to predict customer behavior.

Google Analytics: Google Analytics is a tool offered by Google that helps companies' measure how users interact with their website content. As a user navigates between web pages, Google Analytics provides detailed statistics about website traffic. It records information about the page a user has seen, what he has done on previous pages i.e. interaction with the website. In a nutshell it provides detailed statistics about website traffic.

Hit: The number of times that a specific component of a website is requested.

Internet: A worldwide means of exchanging information and communicating through a series of interconnected computers.

Interstitial ad: An advertisement that appears in a window on your computer screen while you are waiting for a Web page to load.

Internet Yellow Pages: The online version of the Yellow Pages.

Mobile ad: Mobile advertising is delivery of advertising through wireless mobiles such as smartphones, cellphones and tablets.

Multimedia message service (MMS) ad: MMS ad contains a timed slide show of images, text, audio and video.

Paid search (Search Engine Ad): In paid search, advertisers pay only when a consumer clicks on their ad or link from a search engine page.

Pay-Per-Click (PPC, also called cost-per-click): PPC is an internet advertising model used to direct traffic to websites, in which advertisers pay the publisher (typically a website owner) when the ad is clicked. It is defined simply as "the amount spent to get an advertisement clicked."

Podcasting: A medium using the Internet to distribute files for downloading into iPods and other MP3 players.

Pop-under: Ads that pop-up as the user is leaving the website.

Pop-ups: Advertisement windows on the Internet usually larger than a banner ad and smaller than full screen.

QR Code: QR (quick response) code is a two-dimensional matrix bar code, readable by QR scanner. QR code has the potential to contain all kinds of information about a product, service, company, advertisement etc.

Rich media: A term for advanced technology used in internet ads, such as streaming video, which allows interaction and special effects.

Search Engine Optimization (SEO): Search engine optimization is a web marketing technique which helps search engines find and rank a company's

website higher than the millions of other sites in response to a search query. SEO helps companies get more traffic from search engines.

Small message service (SMS) ad: SMS ad where companies collect mobile phone numbers and send off ad message in SMS form containing few characters and normally read within four hours.

Social Business: Social Business means connecting networks of customers, partners, and employees, using analytics to derive insights from those connections, and using those insights to improve business functions.

Social CRM: Social CRM integrates social media services, techniques, and technology with customer relationship management (CRM) strategies.

Social Media Marketing (SMM): Social media marketing is a form of internet marketing that implements various social media networks in order to gain traffic, achieve marketing communication and branding goals.

Spam: Unsolicited commercial e-mail

Twitter: Twitter is a social networking and microblogging website for exchanging 140-character text message known as 'tweets'.

Webcasting: A system for pushing out site information to Web users rather than waiting for them to find the site on their own.

YouTube: YouTube is a video-sharing website where users can upload, view and share videos.

Vine: Vine is a mobile app owned by Twitter that enables its users to create and post short video clips up to six seconds.

16.18 Self-Assessment Test

1. What is digital marketing? Explain various communication objectives of digital advertising.
2. Discuss various Internet advertising formats with suitable examples.
3. How do you measure the effectiveness of internet ads?
4. Discuss merits and demerits of internet ads?
5. What is mobile advertising? Explain various mobile ad formats.
6. What is QR Codes? Discuss any company that uses QR codes for its promotion.
7. What is social media marketing? Explain various goals of social media marketing.
8. What is social media mix? Discuss any three formats of social media with suitable examples.
9. Explain 4C's of customer engagement process.
10. What is Social Business? Distinguish Social Business from Social CRM.

16.19 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021
2. Michael Branding, Social Media Marketing, Notion Press, 2021.
3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021
4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020
5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

16.20 Answers to Check Your Progress Questions

1. (d) i, ii, iii, iv

Digital advertising has the following communication objectives.

- Awareness creation
- Interest generation
- Information dissemination
- Image creation
- Brand building

2. (d) Behavioral targeting ads

Behavioral targeting ads are developed based on consumer website-surfing behavior.

3. (c) Interstitial ads

Interstitial ads get displayed before visitor can access requested content i.e. waiting for download or upload.

4. (b) Rich media

Rich media is an interactive digital media ad that uses advanced technology such as streaming video, audio and animation while interacting with the users.

5. (d) i, ii, iii, iv

The following four parameters are used to measure the effectiveness of Internet ads

- Web traffic
- Conversions

- Length of visit
- Reach

6. (a) Tailored message

Tailored message is the advantage of Internet ads whereas ad clutter, browser complications and deceptively are disadvantages.

7. (a) Privacy

Privacy is the disadvantage of Internet ads whereas affordability, targeted audience, and effective audience engagement are advantages.

8. (a) Check and send e-mail

Check and send e-mail is the most important reason for Smartphone usage with 82% weightage. The other uses are read news articles (56%), play online games (39%), and listen to music/radio (45%).

9. (c) i, ii, iii

Customers' preference for various devices change throughout the day as follows

- Mobiles brighten the commute and used more during 7 AM -10 AM
- PCs dominate working hours during 10 AM – 5 PM
- Tablets popular at night during 8PM- 12 AM

10. (c) QR Codes

QR Codes is a two-dimensional matrix bar code readable by mobile with a camera or Smartphone to know about product, promotions, advertisements etc.

11. (d) All the above

The following are the various advantages of mobile advertising

- Omnipresence
- Convenience
- Tracking response

12. (d) i, ii, iii, iv, v

The following are the various goals of social media marketing

- Website traffic
- Conversions
- Interaction with audience
- Brand awareness
- Brand association

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13. (a) Twitter, Tweet

Twitter is a social networking and microblogging website for exchanging 140-character text message known as tweet.

14. (b) Consumption, Curation, Creation, Collaboration

Customer engagement process has the following four stages.

- Consumption
- Curation
- Creation
- Collaboration

15. (d) i, ii, iii, iv, v, vi

The following are the six goals of social business

- Driving brand affinity
- Providing customer support
- Crowd sourcing
- Recruiting and managing talent
- Increasing sales
- Collaboration

16. (d) All the above

Social CRM includes the following three activities

- Converting content into conversations
- Extending conversations into collaborative experiences
- Transforming experiences into meaningful relationships

Marketing Communications

Course Components

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Unit 2	Marketing Communications Models
Unit 3	Consumer Buying Behavior
BLOCK II	Marketing Communications Strategy and Planning
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