

**Retail Management**  
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**Lecture - 36**  
**Retail Promotions**

Hello everybody, welcome to this NPTEL Swayam course on Retail Management. This is Professor Swagato Chatterjee from VGSOM, IIT Kharagpur, who is taking this course for you. This is week 7 lecture 36. We will be discussing about retail promotions in this particular lecture. So when I talk about retail promotions that is, that means, whatever promotional mix that you are adopting to increase sales. Major focus is increase revenue or sales in the particular retail store.

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**Elements of the Promotional Mix**

- Advertising
- Public Relations
- Personal Selling
- Sales Promotion



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Now when we talk about promotional mix, these are the some of the promotional mix that we adopt. What is advertising, the basic things that we adopt. What is advertising, public relations, personal selling and sales promotion? Sales promotion and promotional mix are two different things. Sales promotion means discounts. Different kinds of discounts, different kinds of I would say price drop, price cut that you charge.

But overall, it is a discount that you are doing, which will be directly impacting the sales of the particular brand or particular product. However, advertising can have a long lasting effect. Sales promotion will always have a short lasting effect. It will,

only when the sales promotion is running, it will have some effect on the sales. The moment you remove the sales promotion, the effect will vanish.

But advertising might have a long term effect as well. So advertising is what? All the efforts that you put in mass media and etc., where you try to connect with the person, you try to connect with the potential audience or the consumers and you try to share information, emotions, communication, I would say taglines or meaningful information.

All of these things you try to share with your customers that those are advertisements. What is public relations? Public relations is where you try to create a, you try to create some amount of relationship with the generic public. It might be your own competitor, it might be stakeholders, it can be shareholders, it can be somebody who is your competitor's customer. So you try to connect with them.

And this public relations are also done, because they are public relations, it is also done publicly. For example, it can be a festival where you are sponsoring and you are sponsoring an event inside the festival and what big and you are presenting in that particular place. So that can be one kind of example of public relations.

Or let us say there is a game show that is happening which is governed by you and the prizes money will also be your brand's prizes money and some celebrity comes and does the game show and which is in and around your brand. So that is called public relations. Then comes personal selling.

Personal selling is where one personal seller connects with one another service provider, sorry another customer and tries to sell a product, which we generally see a lot in the context of let us say, in a car selling or this kind of for let us say real estate selling you will find out that there is a personal seller who will with a sales agent basically, who gets connected with you.

And gives you all the information that you require at a personal level rather than an advertisement or a brochure or something like that. So public relations are more common in the context of let us say, again in the auto sales if I talk about. When the

auto sales companies comes and sets up the roadshow kind of a setup that will be more of a public relations kind of activity.

When they come to your house or when you go to the retail store, they get attached to you and moves around and shows one car after another car and then talks about the goods and bads about the car that is personal selling. So all these four types of things advertising, public relations, personal selling, or sales promotion, that generally the retailers do when they are trying to target.

Now in this particular lecture, we will focus on advertising. As we go ahead in further lectures we will talk about the other parts of the story as well.

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**Advertising**

- Paid, non personal communication transmitted through out-of-store mass media by an identified sponsor
- Key aspects
  - Paid form
  - Non-personal presentation
  - Out-of-store mass media
  - Identified sponsor

So what is advertising? Advertising is paid non personal communication. So first of all, to become advertising it has to be paid, very important. And it has to be non-personal. That means it should be to many people, the audience. It is a mass communication rather than a personal communication. So it is a non-personal communication transmitted through out-of-store mass media.

What are the out-of-store mass media? It can be TV, it can be newspaper, radio, anything any mass media, which is not controlled by retail store. And it has to be given, it has to be paid and sponsored by an identified sponsor. So only then this particular messages and etc., will go to the mass media. Mass media will allow the sharing of the message only when they know that who is the sponsor.

So it will be basically an identified sponsor is there. Now that sponsor can be the manufacturer, that sponsor can be the retailer, sometimes and there are multiple retailers who comes together. But you should, somebody should know that who is selling, who is putting this information in the picture. What are the key important aspects? One is paid as I told, one is paid.

Second is it has to be non-personal presentation. It has to be a mass presentation. The media has to be out of store. That means there can be mass media inside the store also. Let us say the product announcements that happens. When you go to the Big Bazaar a person is keeping on saying we will get ITC Aashirvaad Atta 5 kg Aashirvaad Atta at only 100 rupees and this and that he keeps on saying in the background.

Now see that is also non personal. That is also probably paid because you have to pay that person if I consider that form of pay, but it is not out of store mass media. That is a inside store mass media. So I will not consider that as an advertising. That can be probably some amount of store announcements or something like that. But that is not advertising.

To become advertising you have to go out and give out of store, focus on out-of-store mass media. And there has to be an identified sponsor. So these are the four things that should happen when you are talking about an advertising.

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- *Lift short-term sales*
  - *Increase customer traffic*
  - *Develop and/or reinforce a retail image*
  - *Inform customers about goods and services and/or company attributes*
  - *Ease the job for sales personnel*
  - *Develop demand for private brands*
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Then what are the advantages of advertising? First advantage is it lifts short-term sales. So whenever you give the ad, just after the ad the sales goes up. This has been seems to be true for all kinds of ads. Why? Because whether the ad is good or bad, whether the ad is memorable or not, whether it is touching or not, it creates a little bit of brand recall. Brand recall means people actually remember the brand.

The brand name gets into their ear and in the mind. That is why whenever next time somebody goes to the purchase, at least let us say if earlier without the ad if 20% people used to buy the product, after the ad let us say 25% people will buy the product. Because this extra 5% people will actually buy this product just because they remember the brand name. So brand recall.

So when you go to buy, let us say if I talk about chips, if you talk about chips you go and buy Lays because Lays comes in your mind. Lays and Bingo and Uncle Chips will only come in your mind. After that you do not even think. There might be some other brands, I do not know. You do not have a brand recall. I have had other brands. I have bought chips when I traveled from Kharagpur to Kolkata.

In the roadside there are multiple shops and in the shop there are certain local chips are available. I have zero brand recall for them. And that is why I do not even seek for those brands when I am going and buying it from a retail store in Kharagpur or in Kolkata. Those chips are only available in this road probably, Kharagpur to Kolkata. Probably they are also available in the city, I have no idea.

So I have zero brand recall for those things. So that is why I do not buy. Now if I have a brand recall by any chance and if I like one of the taste, then I will at least have that in mind and when I go to the retail store, I have a very low probability to seek for that particular brand. Now let us say I have very low probability, like that there will be thousands of people who will be buying and having a brand recall and they will also have a very low probability.

Low probability multiplied by a huge number of people will create some amount of sales. So that some amount of sales will create this lift of short-term sales. So that is why whatever be the advertisement, whatever be the quality of the advertisement, it increases sales. How much depends on how much brand recall you could create. Next is it increases customer traffic.

So if the brand recall increases, people sales increases then also the traffic increases. More so when the ads are focused on a retail store rather than a brand. In a brand focused ads, which the manufacturers give, generally the footfall of a particular retail store will go up only when they are more exclusive distribution strategies are being followed. If it is a extensive distribution strategy kind of a approach then a overall ad will not increase the footfalls a lot.

Because then they might go to anywhere know. Why will they come to your retail store. So it increase customer traffic when very focussed retail oriented ads comes up. Let us say Big Bazaar is giving ad or Pantaloons is giving ad or when the manufacturer is giving ad it has to be products which are a specialized product, which should not be generic product.

If it is a specialized product or the distribution strategies are exclusive distribution strategy, then only footfall in a particular retail store will go up. Develop and/or reinforce a retail image. When retailers gives their ad they also create a retail image like let us say Shoppers Stop or Pantaloons are going to give ads in a huge retail store. Or Croma is giving an ad in a mass media that creates also image of the retailer.

Inform customers about goods and services and/or company attributes. Ease the job of sales personnel, because sales personnel now have less, they have to put less efforts because people are anyway interested to buy, they have to put less effort. So you might say that, sir do they actually put less effort? How will you measure that? So these type questions are difficult, and we actually can measure that.

We can ask the salesperson before the ad expenditure and after the ad expenditure, what was their sales effort in a 1 to 5 point scale to close a customer. And before two month and then we gave and after two months we can twice we can measure with two groups or sometimes with the same group let us say. And then we can do a T test kind of a comparison if you know statistical testing, to see that whether this went up or went down.

So those kind of things can also be done to check that whether the advertisement works. But this is generally has been seen is the outcome of advertising. Develop demand for private brands. Obviously, the moment the retail store has more traffic, more sales, people also come to the retail store and watch the private brands lying there. They test it out. Sometimes when they test they like the product, and ultimately the demand for the private brands goes up.

That is why advertising is very important for retailers. They should do it. They can ask manufacturers to do it as well. But for them also, personal level also retailer should do advertising.

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## Advertising Characteristics

### Advantages

- Attracts a large audience
- Gains pass along readership (for print)
- Low cost per contact
- Many alternatives available
- Control over message content; message can be standardized
- Message study possible
- Editorial content surrounds ad
- Self-service operations possible

Now what are the advantages of advertising? Attracts a large audience. Gives pass along readership for print. That means if you just, you are not interested to see the ads, you are just reading the newspaper. But you got notice about the ad because there was a huge and one page full of ad of Big Bazaar is done if you have seen those kinds of ads. It is very common for car sales, it is very common for electronic sales and also grocery.

So if you see that one page full of ad, then even when you are basically passing along, you get a little bit of readership, you get a little bit of focus on that particular ad and that gives some amount of traffic or brand recall for the retailer. Low cost per contact. Generally mass, you are doing mass marketing because that is why per contact cost goes down. And alternatives are available.

You can go for TV, radio, this, that. There are lots of alternatives are available. Control over message content. Whatever message you want to be delivered you can deliver that. It is not dependent on any person. It is not, in other things, let us say in a public relations, the how the, one message will go will depend on who is the person who is conducting the show in that day.

If that person who is conducting the show misbehaves sometimes or does some massacre then that creates a backfire on the image of the retail store itself, which is not there here. Here it will be much more controlled. Then you can study the messages. You can put different kinds of messages in different product channels or in



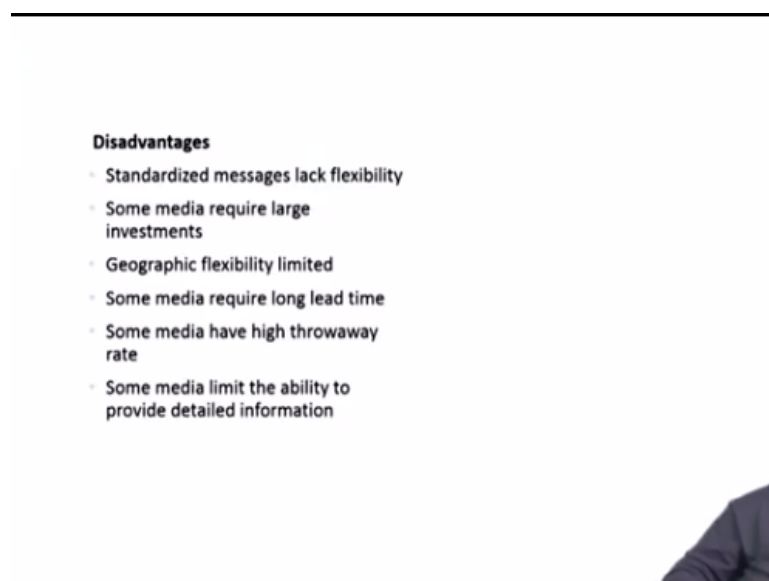
the same product channel in two different regions you can do different kind of messages.

Or you can put two different kinds of ads in the TV in different locations. And you can see that which one is working. So the A/B Testing of messages can be done in the case of audience. It is heavily done in let us say ads which we put in online. Because in online it is very easy. You can give in a same location in the same time zone, you can give different ads to different people because that can be controlled based on the traffic.

Means every unique customer you can give a different ad which is possibly. Different display on the website or something like that, that can be possible and there you can do A/B testing very easily. This is a very important thing in campaign management or in advertisement digital marketing, which is called message study or A/B testing of different campaigns.

Then editorial content surrounds ad. Generally, you generally put other editorial content which is giving important contents which is given by the newspaper itself, which we generally can give some amount of attraction towards that ad. And self-service operations are also possible.

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What are the disadvantages of ad? Obviously there are disadvantages when there are advantages. Standardized messages lack flexibility, because you are trying to give the

same message to everybody. So you do not have ability to customize, which is not true. Nowadays now that we can do digital advertisement, we can do customize ad based on the cookie information that I get about the customer based on certain profile information about the customer.

But majorly in traditional advertisements, this was not possible. Some media require large investments because when you are doing it the per person cost might be low. But because the audience is so big in number, the net investment might be very high. Geographic flexibility is limited. Limited to the reach of the media. Some media require long lead time.

So you have to give the ad much earlier to get it out. More true for let us say print or sometimes in, even in the context of let us say TV. You have to give it one day, two day earlier, which is long in the context of ads. Some media have high throwaway rate. Means lots of people, lots of display happens. Lots of people impatience happens. Impatience means lots of people watch the ad, but they do not register.

They do not, that does not basically create a brand recall. So that is called throwaway. Now the percentage of people, so if 100 people saw the ad, and 99 people did not even register, then the throwaway rate is 99%. So we measured that. Display, whether it happened or not it is whether you have purchased the newspaper, or whether you were watching the TV at that particular point of time, that can be tracked, right?

So let us Nielsen has or various other companies if I am not wrong, BARC, there was a company called BARC, broadcasting association or something like that, which tracks, which has lots of tracker installed in a huge panel of consumers all over India where they are tracking basically your set top box, which TV program, which channel is going on in your TV at what time and they give to the panel members.

What they are doing is they are tracking which movie you are seeing or which TV program you are seeing at a certain point of time. Now they have let us say, I do not know where 10 million or let us say 1 million, 1 million panel members. Now out of 1 million panel members they came to know that okay, around one lakh people was watching this particular program, which was a cricket match in a particular day.

And the TV was on for one lakh customers. And in that out of this one lakh customers, let us say they ask to this one lakh customers for which the TV program was on, on that particular time that did you see this particular ad or name the brand names that you have seen, the ads of which brand names you have seen on that particular time period.

Now they write down those one, out of those one lakh let us say around 20,000 answers, because not everybody will answer, 20,000 answers. And out of those 20,000 people, let us say around only 100 people or 200 people or let us say 1000 people has mentioned this particular brand.

Now this 1000 people who mentioned this brand divided by the 20,000 people who mentioned any brand's name will be the probably the percentage of people who gets this particular brand name registered in their mind. All the rest, all the 19,000 out of 20,000 will be throwaway, which is generally this is the number, this kind of numbers that you get it is a huge throwaway rate.

Yet this 1000 people who registers the brand name, out of them if 100 people buy the product, and if it is let us say a laptop by any chance, then you have made your deal basically. Because by giving the ad at that particular time, if you make sure that 100 people buys a laptop, then you have already made almost like 10 lakhs rupees or something like that, that kind of a money.

So you can basically pay from that. And if there is repeated ads in that particular time zone, then you can have more reach. Some media limit the ability to provide detailed information like there is a newspaper cannot give information. Radio may or may not be able to give information to you that who was watching or what was the audience size at that particular time.

So those were some of the problems. But nowadays now that we do rely a lot on digital media, this information problem or customization problem or sometimes investment problem also are not that big anymore.

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## Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Daily Papers	Single community or entire metro area; local editions may be available	All larger retailers
Weekly Papers	Typically a single community; may be a metro area	Retailers with a strictly local market
Shopper Papers	Most households in one community; chain shoppers can cover a metro area	Neighborhood retailers and service businesses
Phone Directories	Geographic area or occupational field served by the directory	All types of goods and service-oriented retailers
Direct Mail	Controlled by the retailer	New and expanding firms, those using coupons or special offers, mail order

What are the comparison in the different medium as I told? So let us talk about those medium quickly. Daily papers are there. It is a single community or entire metro area, the coverage and local editions may be available particularly suitable for bigger retailers. Weekly papers are generally typical in a single community. Means weekly papers are generally read by a particular community's people.

Again maybe in a metro area. Retailers with a strictly local market might probably focus on these kind of things. Let us say I am heritage. Heritage is a business which is properly focused in let us say Bangalore. So then if there is a there is some Kannada paper that comes out every Sunday, they will try to focus on that. Shopper's paper. Most households in one community and chain shoppers can cover a metro area.

So generally neighborhood retailers and service businesses give this shopper paper. Shopper paper means they it can be also the leaflets that goes through with the newspapers. Phone directories. Phone directories means basically you this is not used anymore. They basically people put, there was at one point of time this phone directory was there where you generally put a person and let them call.

So geographical area or occupational field served by the directory is the focus area. And all types of goods and service oriented retailers can pick up and keep calling, do you need this. Direct mail. Again controlled by the retailer. Generally you have the, it can be direct emails also. You have the email list, you bombard the information to

them. So new and expanding firms. Those using coupons and special offers can basically use that.

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## Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Radio	Definable market area surrounding the station	Retailers focusing on identifiable segments
TV	Definable market area surrounding the station	Retailers of goods and services with wide appeal
World Wide Web	Broad, even global	All types of goods and service-oriented retailers
Transit	Urban or metro community served by transit system	Retailers near transit routes, especially those appealing to commuters
Outdoor	Entire metro area or single neighborhood	Amusement and tourist-oriented retailers, well-known firms

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Then what are the traditional methods? Radio, TV. Radio, TV has a definable market area surrounding the station and retailers focusing on this particular segments should focus on radio and TV. World Wide Web. That means basically digital is broad, even global. You can have huge coverage. And all types of goods and services. So this is the most important advertising media that is coming up today.

Transit. Transit means any let us say metro station metro railways or metro station's displays or metro train's display which is the wall of the metro train or the wall of the side of the bus. Urban or metro community served by transit system can be a coverage area. And retailers near those transit routes or retailers near those especially those appealing to the commuters will be majorly focusing on this particular thing.

Outdoor. Entire metro area or single neighborhood it can be displayed. Huge banners and displays that you put up. Again amusement and tourist-oriented retailers will generally try to focus on that. Even real estate retailers generally try to focus on this. Because where the display, how it looks like becomes important. And when you put up a display you want to attract not only the seller, their family members also.

That is why sometimes amusement parks becomes a important customer of these big displays.

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## Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Local Magazines	Entire metro area or region; zoned editions sometimes available	Restaurants, entertainment-oriented firms, specialty shops, mail-order firms
Flyers/ Circulars	Single neighborhood	Restaurants, dry cleaners, service stations, and other neighborhood firms
Social Media	Broad, even global	All types of goods and service-oriented retailers
Mobile in-app advertising	Local and geo-targeted areas	All types of goods and service-oriented retailers

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Local magazines. Entire metro area region. Again so local magazines and weekly newspapers and local newspapers will have similar kind of approach. Let us say (()) (24:52) if I talk about in Mumbai. A person who is selling products in Mumbai only will probably put up an ad there. Restaurants, entertainment-oriented firms, specialty shops, mail-order firms will try to focus on this local magazines.

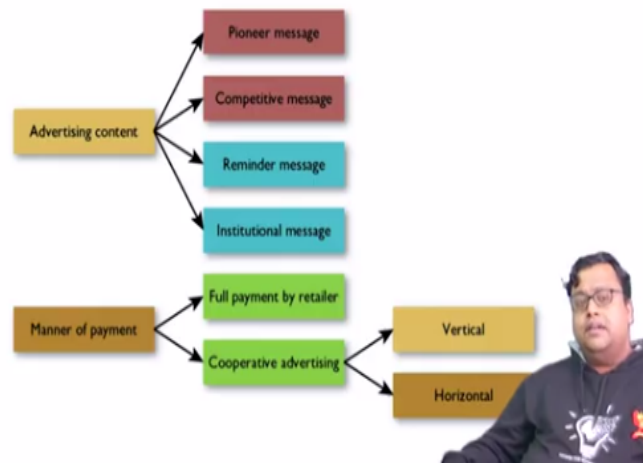
Flyers and circulars. Again single neighborhood. Restaurants, drycleaners, service stations and other neighborhood firms in that particular locality will give this flyers which will be put inside a newspaper and will be delivered at your doorstep. Social media. Again it can be broad and global. All types of goods and services can be sold. It is similar to digital media. It is similar to www.

And mobile in-app advertisement. Again local geo-targeted because you can target the customers based on their location. Often apps gets the exact location from where the app is being used. Again, it can be used by all types of goods and service oriented retailer. So these are different kinds of media that is there which can be used in the context of advertisements.

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## Types of Advertising



I will talk about this different types of advertisement. One way advertisements are different is based on manner of payment. Whether the full payment is done by the retailer or whether is cooperative advertising. What is cooperative advertising? Multiple players cooperate with each other with their advertising.

For example, one way of doing it is horizontal advertisement where multiple retailers comes together and does an advertisement. It can be very well applicable in the context of let us say franchisee business. Let us say all the franchisers of a Pizza Hut in Calcutta comes together and gives ads about pizza.

So that means that they are attracting customers together. Instead of I giving an ad in Tollygunge and somebody else is giving an ad in Gariahat and somebody else is in Shyambazar, rather than doing that we all come together in a particular place and we give an ad. So then we can put more money in the bucket, and we can give a national level or at least a local.

Even if I give a local level ad, I can afford that. And we can take benefit of each other's economies of scale or each other's investment. The same thing become vertical cooperative advertising where the wholesaler or the manufacturer and the retailer comes together and gives the ads together. So this is a manner of payment based on which advertisements are different.

Advertisements are also different based on the content that they have and based on the message they are trying to give. For example, one is Pioneer message or competitive message. This is one way. So for example, whether you want to be saying that I am the first person, the first new entry kind of product, which nobody has. That kind of message you are giving.

Or competing, you are saying that okay, I am not the, it is not innovative, somebody already has it, but I have better. So for example, the ads that are given by the retailers, which is let us say lowest price possible will be competitive ad. But if I say that for the very first time this particular product is coming in, that is a pioneer ad. Think about retailer's context, not a manufacturer's context.

I am not saying that let us say if I talk about and the Horlicks versus Complan ad, those are manufacturer's ad. Those are not retailer's ad. But let us say if I am Pantaloons which are saying that okay, you will get a product at a very lower cost in comparison to my competitors in this particular location that is a competitive ad. But if I say metro cash and carry and I said that I am the only wholesale player in this particular market, you get huge wholesale products.

And you give that ad in newspapers, in radio or in some cheap media let us say than TV. That is a pioneer message. Then reminder message. Reminder message is just reminding that I am there. Sometimes we do so that people do not forget about us. And then institutional message is not focused on a particular brand or a particular product category. It is an overall institution that we are present and we are doing good.

For example the ads that are given by Croma or the ads that are given by any kind of big retailer which are just saying that okay Big Bazaar helps you to get this. Or let us say Aditya Birla is a very important brand in the case of retail store. Only these. They are not saying that come and buy from my company, they are not saying that.

They are giving a very vision kind of a message in their advertisement content that is institutional message. So there are these are the four different types of advertisement that you can also do in whatever media you choose and some of the strategies that are



taken accordingly. Again, advertisement and branding is a separate course altogether. People should study that but in the detail context it is also an important aspect.

We will stop here and we will talk about other kind of branding strategies in the next class the next video, other kind of promotional strategies in the next video like public relations and sales promotion and etc., as I was discussing and I will see you in the next video. Thank you very much.