

**Retail Management**  
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**Lecture - 37**  
**Retail Promotions: non-Ad 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. We are in week 7. This is lecture 37 and we will be discussing about retail promotions, non-Ad promotions. What are non-Ad promotions? So overall retail promotions have various channels or various ways of promoting your retail store.

For example, it can be advertisements, it can be sales promotion, it can be publicity or it can be personal sales. So there can be other digital media as well. So in this particular group, we are focusing on any kind of retail promotions which is not advertisement because in the last video we have discussed about advertisements in quite a bit of depth. So here we will talk about non-ad kind of promotions.

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## Public Relations

- **Public Relations** – Communication that fosters a favorable image for the retailer
  - Non personal or personal
  - Paid or nonpaid
  - Sponsor-controlled or not
- **Publicity** – Nonpersonal form of public relations whereby messages are transmitted by mass media. The time or space provided by the media is not paid for, and there is no identified commercial sponsor

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So the first non-ad kind of promotions that we are going to discuss now is called something called Public Relations. What is public relation? Public relation is a way of communication which creates an image of the retail brand, positive image of the real brand in the mind of the public. And that public can be any person. That public can be the customer, it can be the stakeholder. So the focus is not only one group.

The focus is not only on the customers or the focus is not only on the shareholders or potential shareholders. When retailers do public relations activity, they are generally focusing on the broad audience. So what kind of strategies that you have to take? You can take a non-personal or personal kind of communication strategy.

Non-personal means, it is mass communication, it is not one to one communication. On the other hand personal communication is very one to one. Means the message that you are trying to give through the communication is directed to only one person. There is only one person who should read that particular communication or should get that particular communication.

And that particular person's mind is something that you are targeting. But in a non-personal communication, not only you are spreading the message to many people, you are also allowing or you are basically encouraging people to talk with each others with that message as a corresponding context so that more kind of interaction happens, which ultimately increases your brand image.

It can also be paid or unpaid kind of a communication. That means, you may pay for spreading of this communication, if you are using somebody else's channel who lets you pay. For example, let us say if you are a retail store based out of based out of a very big mall and you want to use some of the mall's facilities which you have not hired. For example, the food court region or the common entrance lobby, that region.

You want to use that for public relations kind of activities, certain publicity, certain game show, this, that you want to do, then you have to pay extra charges for hiring that space to the shopping mall. So you as a retail store has to pay to the shopping mall, which is a paid kind of a public relation. At the same time you can also run public relations activity within your store.

Let us say one particular corner of your store, there is a it is a grocery store that is there. And then one particular corner of a store a particular person is showing how to prepare very good, very tasty food from a particular grocery item that you are selling.

So there whatever activity that is happening is a non-paid activity because within your premises you are doing it.

You have full control on what kind of connectivity is being created. So that is an example of non-paid kind of a public relationship. And then comes the sponsor controlled or not. So who is paying for this if it is at all paid? Often times, even if it is within your premises, you might not be paying but somebody else is paying, for somebody else is a paid public relationship.

For example, let us see the one that I just gave an example. That a chef is let us say cooking or a local chef let us say not a very big chef is cooking an item using the grocery items of that particular retail store and one of that grocery item is a package, grocery item or packaged food item that is being branded and marketed by a particular company. Now that branding and marketing company is basically organizing this public relationship activity.

So they will pay to the retail store for organizing or giving space or giving the opportunity to do this public relationship activity. So then it is a sponsored activity. Now whether the activity is sponsor controlled or not is also how the public relationships can be divided into two parts. Then comes publicity. Publicity is absolutely non personal.

While public relationships can be personal as well, it can be directed to one single human being as well. Publicity in general, which is a broad, which is a sub part of public relationships is non personal, is a non-personal form of public relationships whereby messages are transmitted by mass media. The time or space provided by the media is not paid for.

And there is no identified commercial sponsor. So as I was telling that sometimes these organizations that do this kind of open kind of an activity. Let us say even there is a run a 10k marathon run that is happening. That is a publicity stunt that you are trying to do. And sometimes there is a so you may not say that this is a commercial sponsor.

Commercial sponsor means the person will expect something from it. Some ad revenue, some revenue from it, basically. But here these activities are absolutely not, at least by definition, not commercial, because when you are investing on some, let us say 10k marathon as an organization, you can always say that, okay, I am investing on this, because I think that by investing on this kind of event, I am encouraging people to participate in sports.

What actually you are doing is creating the brand name in the mind of the participants of the sports or the participants who or the family members of the participants who have, who will basically focus on that particular show. Or sometimes you want to get associated with the show just to say that okay we are a sports loving kind of a brand, that kind of image you are trying to make in the mind of the public.

However, these are not commercial sponsorships. The sponsor can always say that it is a public service that I am doing. So these are part of publicity.

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## Public Relations Objectives for Retailers

- Increase awareness of the retailer and its strategy mix
- Maintain or improve the company image
- Show the retailer as a contributor to the public's quality of life
- Demonstrate innovativeness
- Present a favorable message in a highly believable manner
- Minimize total promotion costs



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What are the public relations objectives for retailers? It increases awareness of the retailers and its strategy mix. Maintain and improve the company image. Show the retailer as a contributor to the public's quality life, quality of life. So it gives the image that okay, the retailer is concerned about the public's quality of life, and that is why they are investing on it.

It also demonstrates innovativeness, present a favorable message in a highly believable manner, and minimize total promotion costs. So because publicity it creates a positive image, which is a mass media kind of a, often it is a mass media kind of a engagement that you are doing where many people comes to know, they talk with each other about these and they get a positive image about your brand.

After that, when you do targeted advertising, that advertising cost comes down because people react pretty easily because they already have a positive disposition towards you. So for example, when you do not have a, let us say Tata if I am giving an example. Tata do lots of this kind of public relationship activities. Now Tata is not launching new products every day.

So they do not have to advertise about new products every day. They have certain advertisement scheme every let us say one month or two months, they have some budget. But they do not increase the budget every time. But when the product is launching, when the new product is launching, you have to support that product with advertisement's expenditure.

Now that expenditure will come down or at least the ROI will go up when you have a very good image already maintained. People have a positive image about your brand. So that is what works in this particular context as well.

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## Public Relations Characteristics

### Advantages

- No costs for message's time or space
- Mass audience addressed
- Carryover effects possible
- More credible source
- Image can be presented or enhanced
- People pay more attention than to clearly identified ads

### Disadvantages

- Some retailers do not believe in spending on image-related communication
  - Little control over publicity message
  - More suitable for short run
  - Costs for PR staff, planning activities and events
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Then what are the advantages and disadvantages? There are no cost for message's time or space generally. So extra time or extra space requirement generally will not require a lot of extra charges. Mass audience addressed. Carryover effects are possible because image when it gets created, image done has not change very quickly. Whatever positive image that you create will linger on for quite some time.

So that will have a carryover effect as I told that that will happen in fact on the next advertisement cycles ROI. More credible source because this is something which is public. Everybody can see, judge. Everybody can measure whether whatever being told is correct or wrong. So more credible source. Image can be presented or enhanced. For a new brand it can be presented for the first time.

For a already existing brand it can be enhanced. And people may pay more attention than to clearly identified ads. So when you put an ad people sometimes becomes I would say less receptive. They know that it is an advertisement that is going on. So the moment they know that okay it is being done to stop you from or not to stop you, to encourage you to buy something.

To make sure that you get affected and then you buy and do a positive behavior. However, people create a barrier towards that. People create a blockage towards that. They do not want the companies to dictate that when to buy and when not to buy. But when the same thing is done through public relationships that I would say more, so the focus on the ad will come down.

So they will say that okay, we will not be, we will not be majorly focusing on this. So this particular public relationship activity is not making us to buy something, it is generic activity. So they pay more attention. Say customers knowingly reduce their attention towards identified ads because they do not want to get affected.

But this because these are not identified ads these are just public relationship activity, which is more like focusing on the quality of life improvement of the organization of the society's people, people pay more attention. So that is an advantage that the public relationship activities get. What are the disadvantages? Some retailers do not believe in spending on image related communication.

For example let us say Spencer and Big Bazaar and etc., might not feel like that okay why should I invest on a 10k marathon or why should I invest on some games that is going on. So they does not sometimes believe that that will work because that direct public relation to sales, that linkage finding the link it becomes very difficult to. So that is why some people do not believe.

Little control over the publicity message. The message that is getting passed, you might not have control on that because people are involved in it. Sometimes the celebrities are involved. Sometimes the people who are doing the publicity stunt they are involved. Sometimes they the image is basically controlled by the people who are participating in the public event.

So you do not have little, you have little control over the publicity message. More suitable for short run, because in long run, it becomes too costly also and too less controlled as well. Cost for PR staff, planning activities and events. So whatever you do, whatever PR activity you do, there are costs involved in it, which will take a lot of I would say money.

So that is also a thing that somebody has to consider when they are planning to do public relationship activities.

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## Personal Selling

Oral communication with one or more prospective customers for the purpose of making a sale



The next topic, after public relationship is personal selling. Like public relationships or publicity is majorly non personal. Well, publicity is a I would say, part of public relationship. The next part is personal selling, which is generally personal. So by definition, it is personal. It is one to one. So oral communication with one or more prospective customers for the purpose of making a sale is called personal selling.

Now oral communication is not mandatory. Though I have written here oral communication, it can be a communication, which is chat based as well. It can be a communication, which is Twitter based as well. But it has to be, oral communication is again most common. Whether it is online or offline, most common is oral communication. And it is a one-to-one or one-to-many kind of a communication.

But that one-to-many that many people do not talk with each other. So that is something that you can expect in a personal selling context.

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### Personal Selling Objectives for Retailers

- Persuade customers to buy
- Stimulate sales of impulse items or products related to customers' basic purchases
- Complete customer transactions
- Feed information back to company decision makers
- Provide proper levels of customer service
- Improve and maintain customer satisfaction
- Create awareness of items also marketed through the Web, mail, and telemarketing



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What are the objectives of the retailer? The retailer wants to persuade customers to buy. They stimulate sales of impulse items and products related to customers basic purchases. For example, in a retail store, let us say within the retail store, there can be a personal seller who can help you choose the right items and etc.

But while choosing they can also suggest you that why do you not buy this thing and that thing which is extra and over and above whatever you are purchasing. That will also increases the sales of the retail store and thus will also increase the satisfaction of



the customer. So personal seller's job is like that. So he has to make sure that the customers are also happy.

Now the only pushing sales is not something sustainable in a personal selling context. Complete customer transactions. Sometimes customers at the last moment linger a little bit to think that whether they should complete this transaction or not or whether they should actually buy it or not. So giving the last nudge, the small nudge so that the customer buys the product sometimes becomes important and that is where personal selling also plays an important role.

Then comes the feed information back to company's decision maker. So how the customers are behaving. If there is a personal seller who is connected with the customer and who is discussing with the customer about the purchase decision making process the factors that is making the customers to buy something or not buy something, that information if that is available, they can basically go back and tell to the company managers or decision makers who can accordingly change the offering so that the customers buys.

So customer might not always be not buying just because they do not want it. Sometimes there are various other reasons. Sometimes they let us say they want this hotel room. However they might not like the offerings that were given with the hotel room. Let us say a family member is going with the kid and you are charging a little bit extra than whatever they thought.

The room and etc., is okay. Whatever the rates were, everything was okay. But for the extra, for the kid the extra amount that the hotel room is charging, sometimes that is a little bit higher than whatever it has been expected. So then what the customer starts thinking that okay, so this is something that I do not like and I will not buy.

So if that information is passed that okay, why do you not give a 200 rupees discount to this customer and that will impact the customer's decision making problem. So if this kind of a discounts and etc., some information is available with the personal seller, which they can transfer to the company's decision maker and company ultimately takes a call then that helps.

Provide proper levels of customer service. Obviously, what customer service is required will be more known when you are personally communicating with the customers. So that is very important. Then comes is improve and maintain customer satisfaction. Obviously service and satisfaction will be hand in hand. And create awareness of items also marketed through the web, mail and telemarketing.

So the personal seller who will be helping you in the retail store and etc., can also help you with giving information, help a customer by giving information about various products which are complementary products or which are products which are not right now available in the retail store but the personal seller has the information that okay these are available in the website or these are available in the mobile ecommerce of the same retail store.

So they can give those information so that the purchase happens. So these are some of the advantages that personal sellers brings in.

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Personal Selling Characteristics	
Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Message can be adapted</li><li>• Many ways to meet customer needs</li><li>• High attention span</li><li>• Less waste</li><li>• Better response</li><li>• Immediate feedback</li></ul>	<ul style="list-style-type: none"><li>• High costs</li><li>• Doesn't get customer in store</li><li>• Self-service discouraged</li><li>• Limited number of customers at one time</li><li>• Negative attitudes toward salespeople</li></ul>

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So messages can be adopted. Many ways to meet the customer needs because personal seller is in personal connection. They find out innovative ways to help the customers. Thus attention span is very high because customers keeps on talking with a personal seller. Wastage is less, response is better, feedback is immediate. So there are lots of advantages of having a personal selling kind of an activity.

However, disadvantages first of all the costs are high because you have to employ a person. Does not get customer in store. Sometimes customer might want to come inside the store and buy. So if a personal seller goes to that particular people's house and show them in catalogs and then get the purchases done in that house itself instead of bringing into the retail store.

Sometimes that also have a negative impact because sometimes customers want to come to the retail store or probably they might be variety seeking kind of customers. So for those kinds of people, this will not work. The self-service is discouraged. So people become habituated with this kind of personal attention that they are getting. So they do not like to go for self-service anymore.

Limited number of customers at one time. You cannot target a large mass by doing this. And negative attitudes towards the sales people is also a disadvantage. So sometimes the customers start feeling that this person is pushing a item. So that any overall negative attitude towards the salespeople can impact the overall image of the personal selling.

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## Sales Promotion

- Encompasses the paid communication activities other than advertising, public relations, and personal selling that stimulate consumer purchases and dealer effectiveness



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The last kind of thing is called sales promotion. So sales promotion is basically discounts in simple word. It encompasses the paid communication activities, other than advertising public relations and personal selling that stimulate customer purchases and dealer effectiveness.

So any communication which basically ensure that customer purchase and dealer becomes effective, but that activity is not part of the broad definition of public relationships or personal sales or advertisement, we will call sales promotion. But in general sales promotions or discounts or offers and this and that which are directly related to the transactions.

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## Types of Sales Promotions

- Displays
- Contests
- Sweepstakes
- Coupons
- Frequent shopper programs
- Prizes
- Samples
- Demonstrations
- Referral gifts
- Other limited-time selling efforts



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What are the types of sales promotion? It can be displays, or it can be certain contest that happens, sweepstakes. Sweepstakes is let us say you bought something and you got a code number. When you scratch, you got a scratch, after scratching you get a code number. So first of all, you scratch and you get an offer, that itself is a part of sales promotion. You get a coupon code or something like that, which you can redeem to get certain discounts.

That itself is a sales promotion activity. However, let us say you have got a code which will be put in a lottery and then from the lottery, there will be one number coming up, who get a bumper offer kind of stuff. For example, there were things like that, that you eat biscuits, you eat Britannia and go to World Cup. In our childhood that was there. I do not know many of your childhood that will also be there.

So that was basically one kind of sweepstakes or contest. So you eat Britannia and Britannia's packet there will be a code number written and with that code number, you will participate in a sweepstake, which is basically a lottery and from that lottery you get to go to World Cup.

So that is what that does is people get encouraged to buy lots and lots of biscuits, probably six months' worth of biscuits and they will get lots of code numbers that is why and then they participate. Then the frequent shopper programs, the loyalty programs and etc. that you do also might be part of, sometimes will be part of sales promotion.

The prizes, the sample, the free samples that you are sending, will be part of sales promotion. The product demonstrations that you create will be part of public relations, it is also sales promotions as well. The referral gifts are limited time selling effort. So let us say the flash sales that comes up and for a small period of time, there will be a mobile phone will be basically bought at a very, basically will be sold at a very low price.

So which is called flash sales and which will happen for only five minutes in a particular day. Or big billion day kind of sales. One particular day, there will be huge discounts on all the items on a retail store, online retail store. So those are all will be part of sales promotion.

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## Sales Promotions Objectives for Retailers

- ▀ Increasing short-term sales volume
- ▀ Maintaining customer loyalty
- ▀ Emphasizing novelty
- ▀ Complementing other promotion tools



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What are the objectives? It increases the short-time sales volume. In a short period of time you want to create a large amount of sales volume. Maintain customer loyalty so that customer who is thinking of going to buy from some other retail store, you want to make sure that this stays back. The emphasizing on novelty.

So you want to create new kind of sales promotion which basically shows that you are an innovative organization and there are gamifications there. There are I would say certain amount of adventures that you try to bring in, certain amount of excitement that you try to bring in. So all those things will basically emphasizing on novelty of the promotional activities.

And it also complements other promotional activities. Sometimes other promotional activities are boring. And this is something that complements, creates the excitement within the people so that they go and buy. So it also complements other promotional tools.

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Sales Promotion Characteristics	
Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Eye-catching appeal</li><li>• Distinctive themes</li><li>• Added customer value</li><li>• Draws customer traffic</li><li>• Maintains loyalty</li><li>• Increases impulse purchases</li><li>• Fun for customers</li></ul>	<ul style="list-style-type: none"><li>• Difficult to terminate</li><li>• Possible damage to retailer's image</li><li>• More stress on frivolous selling points</li><li>• Short-term effects only</li><li>• Used as a supplement</li></ul>

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Advantages and disadvantages are also there. It is eye catching as because they are bringing in excitement, they are very attractive also. This particular form of promotions are very attractive, people get attracted a lot. This incentive themes. Sorry distinctive themes. The themes are distinct. Added customer value, because you are giving huge amount of discounts or reasons of people to buy so that creates extra value for the customers.

Draws customer traffic. Obviously maintains loyalty as I previously told. Increases impulse purchase. So lot of people become impulsive and they do not probably want this product but still they buy. So that is something that helps the retailers and fun for customers also are there. But there are certain disadvantages as well.

For example, once you create the habit of giving this kind of sales promotion quite frequently, people get habituated with it and then it is difficult to terminate this kind of offers. Or possible damage to the retailer's image. If let us say through this, for example this is a very pertinent case. If you know about flash sales, flash sales is what where you as I just told a few minutes back, a mobile phone or a iPhone will be sold at a very lower price for a very small time period.

So what happens is customers who did not get the get to buy on the time period will feel less interested to buying anymore. Because first of all, they feel that okay this guy bought this product at such a low price. If that person is my friend or I know him, then I feel injustice, I feel that why should he get and why should not I get. That feeling of injustice create, actually forces people to not to buy.

Then they start saying that okay, this is basically grapes are sour kind of stuff. They start saying that okay, these are not good, mobile phone. I will go and buy something else. So although flash sale attracts lots of customer, after some people did not get to buy that particular product, because of this time crunch and because of the excitement that you created, there will be more number of people who will be not be able to buy than the number of people who will be able to buy.

And those people who are not be able to buy are less prone to buy the product after the flash sales. So which is basically it is impacting on the retailer's image that retailer is unjust. So that should be taken care of. More stress on frivolous selling items. So any selling items, which is not good in nature that should be also thought about. Short-term effects. Only, it only has a short-term effect and used as a supplement.

You generally use this product as a additional as a supplement towards the major product that you are trying to sell.

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Type	Description
Point-of-purchase	Window, floor, and counter displays that allow a retailer to remind customers and stimulate impulse purchases. Sometimes, the displays are supplied by manufacturers.
Contests	Customers compete for prizes by completing a contest (game), such as a crossword puzzle, a slogan, or a football lottery. Winning is at least partially based on a correct answer (skill).
Sweepstakes	Similar to a contest, except that participants merely fill out application forms and the winner is picked at random (chance). No skill is involved. Direct-mail retailers use this tool quite often.
Coupons	Retailers advertise special discounts for customers who redeem advertised coupons. Customers clip coupons from print media or POP displays, and redeem them with the retailer.
Frequent shopper programs	Customers are given points or discounts based on the dollar amounts of their purchases. The points are accumulated to acquire goods or services.
Prizes	Similar to frequent shopper programs, except that the retailer gives prizes immediately, such as glasses, silverware, and others. Usually, one piece of a set is obtained with each purchase.
Samples	Free tastes or sniffs of items are given to customers.
Demonstrations	Products are shown cleaning up floors, mixing foods, and so on. Services are also demonstrated (e.g., peto instructions).
Referral gifts	Presents or gifts are given to current customers when they bring in new customers.
Matchbooks, pens, calendars, shopping bags, etc.	Items that contain the retailer's name are given to customers.
Special events	Include fashion shows, autograph sessions with book authors, art exhibits, and holiday activities (such as children's rides).

Then there are lots of different kinds of promotions. So I will not go into the details but let me just say. Point of purchase is at the absolutely at the point of purchase when we are doing the billing, there are certain products are kept at a very lower price. So those are basically an example of point of purchase. Contests you already know. Sweepstakes we talked about.

Coupons is basically scratch coupons like whatever you get in, even if you get in let us say in GPay or something like that coupon codes or sometimes you get in Amazon coupon codes, those are example of that. Frequent shopper programs. These are part of discount based on people who have, so loyalty points which people can redeem. Special, if you start giving special loyalty points.

So that will be a part of this kind of activity. Prizes, samples, demonstrations, referral gifts. So I have given all this example. There are certain special events also. So for example, fashion shows or autograph sessions with book authors, and art exhibits and holiday activities. These are also certain kinds of basic or different kind of activities that people do.

And match books, paints, calendar, shopping bags, these are very basic things in probably in a smaller sector these are sometimes given to the retail customers. This is also part of the sales promotional activity.

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## Advantages of Coupons

- Manufacturers may pay to advertise and redeem them
- Over 80% of consumers redeem coupons at least once during the year
- They contribute to the consumer's perception of getting a good value
- Coupon redemption can serve as a measure of advertising effectiveness



In this all this sales promotional activity one very common and very highly adopted sales promotional activity is called coupons. We will spend some time on that. So manufacturers may pay to advertise and redeem them. So sometimes these coupons are given by the manufacturers themselves. But over 80% customers redeem coupons at least once during the year.

So it is very common. They contribute to customer's perception of getting a good value. And coupon redemption can serve as a measure of advertisement effectiveness also. So it can, you basically sometimes, it has also been seen that coupon is a very interesting item to create a automatic customer segmentation, there are papers on that.

So a person who redeems the coupon, you will see let us say if I get 20% discount or something and that will be let us say 500 rupees, I have to also think that to redeem that coupon, I am spending some time. Let us say if it is a brick and mortar retail store, I have to go to that retail store, I have to spend some time in the retail store.

So the time of the commute and the purchase plus the cost of the commute, total whatever cost I am incurring to redeeming that particular coupon, these costs should be lower than the benefit that I am getting. Then only people, so therefore those people whose total cost of redeeming, redeeming the coupon is lower than the benefit that they are getting they will go and redeem the coupon, the others will not.

So all of a sudden you are basically socioeconomically and professionally also segregating customers that those who, and you will know that okay those people who are redeeming the coupon will come only on those times when when preferably people who are not so I would say the not so busy people will come. So and who are price sensitive those kind of people will come.

So price sensitivity wise, the profession wise you are basically segregating two group of customers by giving coupon. That also ensures that the footfall happens in a more hazard manner. Means you do not get lots of footfall at a particular time. You can ask them that okay this coupon can only be redeemed in a particular time period.

And people who are price sensitive and not time sensitive will basically be interested to come at the time period. So you can also use coupons as a way of managing the traffic inside your retail store. So there are lots of advantages of coupon over and above whatever was read there.

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Now when you try to plan a retail promotional strategy, you have lots of options in your hand, four, five options we talked about. The first thing is you have to determine the promotional objectives. What do you want to do? Do you want to create lots of I would say, awareness or do you want to increase the sales or do you want to improve the brand value or what is the overall objective we have to write.

And every objective can have different kind of situation. Let us say if my alternative company is giving a sales promotional offer and their sales is going up and my sales is good down, I want to save myself. That will be my primary objective. My primary objective will not be increasing my brand image. But if I now want to improve my brand image and go from one sector to another sector let us say.

I have got a retail space in a very well to do kind of posh area, and I want to improve my image, otherwise people will not come and buy from my retail store. Then I have to improve my image and that will have a different kind of promotional activity. So sales, even increase or short-term sales, long-term sales, this, that, all of these things will have different kind of promotional activity.

You have to write down the objective first. Then establish an overall promotional budget, how much money you can spend. Then selecting the promotional mix. How what kind of different these four, five options, how much you will be investing on which one. And that also requires a little bit of promotional mix, modeling or marketing mix. Modeling in the marketing analytics context.

You can, there is a marketing analytics course which is running parallel to this particular course in NPTEL. You can register to that and get an idea that what kind of thing that I am talking about. Then implement the promotional mix. Once you plan that okay, I will do, mix means basically, it is which of this you are choosing. Like sales promotion, versus advertisement versus publicity, etc., which of these combination you are choosing.

And how much you are investing and how you are using that investment. All together creates a promotional mix. So the percentage of money that you put in various parts and how you use those money at each of the individual channel or each of the individual promotional activity, together that creates a promotional mix. Once you plan that, you implement that and then you revise and review also. So all these things are part of the retail promotional strategy that you generally take.

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## Promotional Objectives

- Increase sales
- Stimulate impulse and reminder buying
- Raise customer traffic
- Get leads for sales personnel
- Present and reinforce the retailer image
- Inform customers about goods and services
- Popularize new stores and Web sites
- Capitalize on manufacturer support
- Enhance customer relations
- Maintain customer loyalty
- Have consumers pass on positive comments

What are the various objectives that are possible? As I just told, increase sales. Stimulate impulse or reminder buying. So sometimes it is just a nudge that we are trying to give to the customer that we are there, just remember us. Or raise customer traffic or increase the leads present and enforce the retailer image.

Inform customers about the new goods and service, new arrival kind of advertisements that comes to your, that sometimes comes to your email and etc. Popularize new stores and websites. So we are now here, like Uber comes and Uber is in Kolkata. So that is that kind of ads can also be there. Capitalize on manufacturer support.

So let us say manufacturer is given certain discounts, some coupons, which you want people to redeem in your retail store. Enhance customer relationships. Maintain customer loyalty, so create an engagement between them and have consumers pass on positive comments. So positive word of mouth.

So you can go for a, let us say a contest on social media where people can come to your retail store, take a picture that they are purchasing in your store and then post it so you can say that, shop with your friends kind of a offer. So that was going on if I am not wrong with Pantaloons at some point of time that, shop with your friends.

And when you come to the retail store with four, five friends together and shop on that, if you make a purchase of let us say 2000 rupees or 3000 rupees together five

persons or six persons, they give you certain discounts or certain offers. And then you can also take a picture and there will be a, and you can post in the social media and based on how many likes and comments are coming, how much engagement is happening.


Based on that they will give you a bumper offer. So all of these things is basically trying to make sure that customers pass on positive comments about you and short-term sales also goes up and there will be also some amount of customer engagement that gets created. So what is your objective, based on that your promotional activity will depend.

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### Procedures for Setting a Promotional Budget

- All-you-can-afford method
- Incremental method
- Competitive parity method
- Percentage-of-sales method
- Objective-and-task method



Then procedures of setting the promotional budget. How do you decide that how much money I will put on it? One is all you can afford method. You can basically decide that whatever money I have I can put that. You can also go for incremental method. Incremental method means, slowly increasing. You try out, you see the result, based on that you give a little bit more, again see the result.

So that is a very, I would say very safe player's method or risk covers method. Then competitive parity method. You do not know whatever. You know that advertisement expenditure impacts sales and if you do not do the negative impact of your competitor's advertisement expenditure on your sales, you know about that.

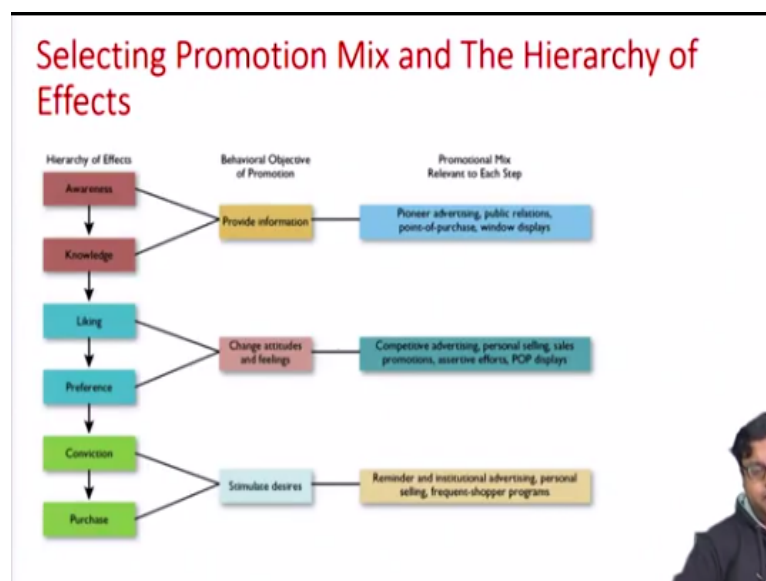
So if that is present that your competitor is doing X amount of expenditure and you are not basically keeping that parity then your sales getting affected, if you have that kind of a situation, you probably will go for competitive parity method. You will find out how much your competitor is doing and you will do the same thing.

You might find out that from various kinds of external sources, who can give you that information. Or you can at least get a average information that in an average in this particular place or in this particular industry, what is the average expenditure, you can do that. Then you can also do in a percentage of sales method.

Whatever was the sales in the last year, certain percentage of that will generally go for 30% of the previous year sales you put that as a marketing budget. Or previous time period sales as a marketing budget. And objective and task method. You can also find out that this is my objective and this objective this much task is required.

And for each task separately, you can put funds, which is very difficult because sometimes you do not know what task is basically impacting what objective. So it is not a one-to-one mapping of objective and promotional activity, there is no one-to-one mapping always available. So last method is very difficult to add up. What we generally do is competitive parity method or percentage sales method is very common to be adopted.

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Then selecting the promotional mix and the hierarchy of effects. So how do you decide that what kind of promotional mix you will apply? You see that there is a steps of customer purchase; awareness, knowledge, liking, preferences, conviction, and purchase. We know about these six steps in customer's attitude formation to purchase.

So when your goal is awareness and liking, the behavioral objective of the promotion is provide information. When you want to instigate liking and preference, it is attitude formation. And conviction and purchase you want to stimulate the desires, the behavior ultimately. So awareness, attitude, behavior. To create awareness formation you have to only give information.

And for that probably pioneer kind of advertisements or public relations, point of purchase displays, window displays, display ad, broad display ad is very important. But when you want to do attitude formation, you have to, attitude will be formed when you are, when you want that to say that okay we are better. You want to give very information of not only our presence, but information about competition.

So competitive advertisement or very personal selling where a person will come to you and talk good about you, that will play. Sales promotions will also play a role because once you decided that those products two products have similar kind of product attributes, the price of the product becomes very important. This is also a part of the product attribute. So that becomes important.

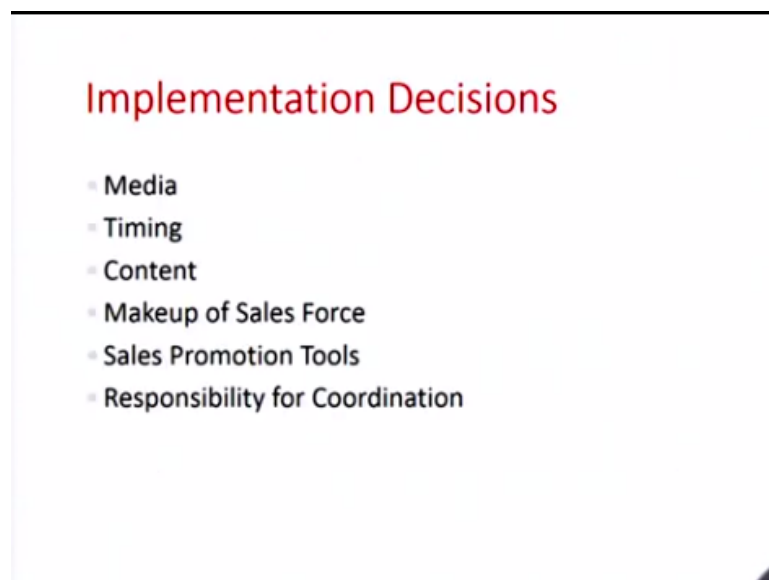
Assertive efforts and point of purchase displays also helps. But majorly what helps is competitive advertisements and personal selling. And then ultimately when you want to, attitude is formed, the person likes the product, like this retail store or like the product, but ultimate purchase has not happened. At that point of time probably reminder or institutional advertisement, just a nudge that okay, you have not bought.

For example, if you see, it is very common in let us say, Uber. You search a particular for a cab from one point and another point and you found the price is high and you discarded and went to Ola. The moment you went to Ola app, a push notification comes in your mobile phone and says that if you book a Ola cab or if you book a Uber cab within the next 5 minutes 20% discount is there.

This is basically a reminder kind of ad. Reminder kind of ad is also very common in let us say Swiggy or Zomato, they give you we are missing you kind of ads or why do you not order this. This is a very nice weekend, let us eat, something like that. So those are reminder ads. There can be also personal selling which can help in this particular contest.

Frequent shopper programs where people are encouraged to purchase using various kinds of reward programs or extra rewards and etc. That might also work in a promotional mix. So you can decide.

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Then what are the implementing decisions? The media, the timing, when you want to put, what is the content of the promotional activities, the makeup of sales force, who will be basically selling this. Sales promotion tools and the responsibility for coordination. So these are some of the factors which somebody has to write it down.

It is not, these are stuff which has to be absolutely clear among the employees of the marketing people that how exactly it will be done. So these are some of the implementation decisions.

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## Media Rates (CPM) and Costs

$$\text{Cost per thousand} = \frac{\text{Cost per page} \times 1,000}{\text{Circulation}}$$

$$\text{Cost per thousand (target market)} = \frac{\text{Cost per page} \times 1,000}{\text{Target market}}$$



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Then in this context, sometime media rates and cost becomes important. So cost per thousand is a very or CPM cost per, so this is a very important term. So cost per thousand is cost per page into 1000 by circulation. So what will, circulation means how many people who are basically targeting and cost into 1000. So we are thinking that this is the total 1000 cost and the circulation.

Then cost per thousand when you are talking about the target market in general. We do not know what is the circulation. We take the whole target market as our denominator and cost per page into 1000 is our numerator in this particular. So these are some of the metric that is used to compare the media rates. So whether this, whether I will go with media one or media two, with a TV and radio and etc.

So often we see that the individual cost of giving an ad in a TV is very high, but the cost per 1000 this comes down because generally TV has a wider reach than newspaper. So that is also taken care of when you are dealing with what kind of promotional mix you will go with. So we will stop here on this promotional activity. We have discussed about advertisements in the last video.

We have discussed about personal selling, sales promotion, and public relations in this particular video. We also talked about coupon, we also talked about how the promotional strategy is created. All these things together create a solution. We should also discuss about cases which will not be part of this particular course. But in a classroom setup if that is possible, people should or teachers should discuss about promotional activity cases.

They should bring up with solutions. Now I am focusing on only those people who can use this as an aide of their classroom teaching. For them or even for the students who are just participating for their own. You search about information cases about how a particular company has used the promotional strategy, multiple promotional strategy which complements with each other to send a message or to fulfill an objective that they have.

And that will create a much more I would say encircle kind of an ideation about what to do and what not to do. So that is what I will stop here in this particular lecture. I will see you in the next week again. Thank you very much.