

PROMOTIONAL STRATEGIES IN COMPETITIVE ENVIRONMENT



BY

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This presentation covers the following aspects :-

● CONCEPTS

 **Emerging Trends**

 **Market Scenario**

 **Objectives**

 **Promotional Process**

 **Promotional Mix**

 **Effective Communication**

 **Media Decisions**

 **Budget**

● STRATEGIES

 **Push**

 **Pull**

 **PLC**

 **Impact Measurement**

EMERGING TRENDS

- ◆ Emergence of Trade Blocks like EU/EC, SAARC, etc.
- ◆ Population Explosion
- ◆ Rapid Technological Changes
- ◆ Social Changes
- ◆ Literacy Levels
- ◆ Entire World as a Global Economic Village

- ◆ Transport Revolution
- ◆ Heavy Industrialization
- ◆ Fast Aging due to hectic life
- ◆ Fast Developing Political & Economic Changes in Eastern Europe
- ◆ Shift of Manufacturing bases to Nations like India, South East Asia, etc.
- ◆ Enhanced Medical Facilities
- ◆ Multi Media , Information Super Highways

MARKET SCENARIO

- ◆ The entire world is like a Boundryless Global Economic Village due to I.T., Telecom &Transport Revolution.
- ◆ Customer Needs, Wants, Desires, Values & Ethics are undergoing sea change.
- ◆ Customer wants more options & alternatives.
- ◆ There is a shift from "Sellers Market" to "Buyers Market".

- ◆ Organizations have to look for their Competitive Edge & develop on their Strengths & Explore New & New Opportunities
- ◆ LPG has brought leading MNCs of the World at India's door steps.
- ◆ Competition is increasing and, therefore, Innovation & Creativity is the Solution & not the Price Cutting which Leads to Price War.
- ◆ Organizations have to Offer Value Added Focused Services to attract customers.

◆ Organizations, therefore, have to pursue :

❖ Excellence

❖ Gain Competitive Edge &
Advantages

❖ Resort to BPR

❖ Have Mind set for TQM

❖ Down sizing by Air India by US\$45000

Outsourcing - Make Vs. Buy Decisions

❖ Employee Motivation

Innovation &
Creativity is
the Hall Mark

OBJECTIVES OF ADVERTISING

We may have a very good product, reasonably priced, available at all places but customers are not aware i.e., lack of promotional activities and awareness. One tooth paste company introduced a new tooth paste only for children (JfK - Just for Kids). Sales were poor because house wife was not aware of such a tooth paste only for children - poor advertising and promotional campaigns.

Following are four basic objectives of any promotional campaign :-

- ❁ To Inform (I)
- ❁ To Persuade (P)
- ❁ To Remind (R)
- ❁ To Communicate (C)

PROMOTIONAL PROCESS (Communication Mix)

Advertising is a process of communication with the customers/ market. Marketers can communicate with the market in the following manner:-

- (a) Advertising**
 - Paid form, films/ advertisements, brochure, pamphlets, magazines etc. The main slogan is "Buy our Products".

- (b) Sales Promotion**
 - Incentives, contests, games, coupons, inducements- "Buy it Now".

- (c) **Public Relations** - Organise variety of Programmes to **introduce to customers.**
- (d) **Personal Selling** - Visits, Speeches, Seminars, Workshops, Conferences, Meetings, Lunches, Dinners, Hospitality- **in an informal environment.**
Samples - Show actual product. Give samples for trial. This is very effective particularly for new products. This satisfies the ego of the customer.

Above is termed as **Communication Mix**. A proper mix of the above four elements has to be chosen in order to be effective.

COMMUNICATION PROCESS

It is shown in the following diagram (Fig. 1.00) :-

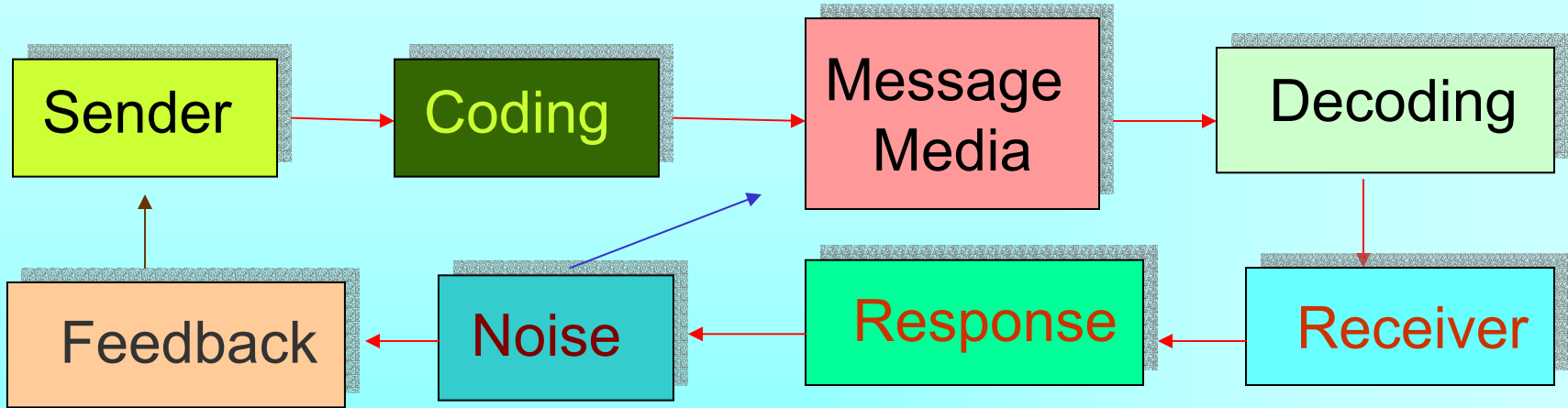


Fig.: 1.00 Communication Process

A good communication process must answer the following questions:-

- 😊 **Who says what**
- 😊 **In What communication channel**
- 😊 **To *Whom* - Target Audience**
- 😊 **To *What* effect.**

This can also be shown as follows: (Fig. 2.00)

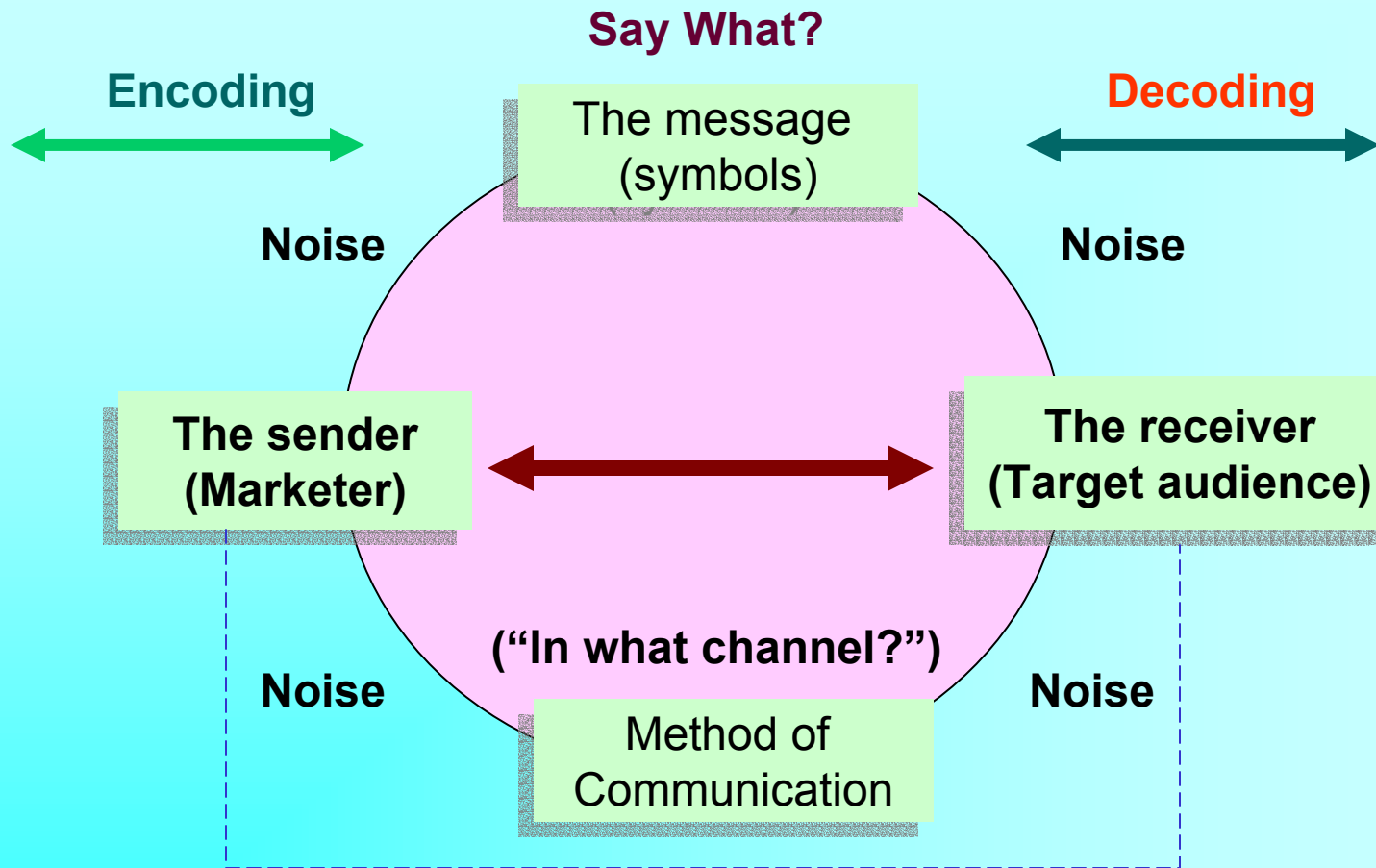


Fig.: 2.00 Communication Process

PROMOTIONAL MIX

Promotional mix varies from type of product to product i.e. whether consumer good or industrial product. This is illustrated below as (Table 1.00):-

	Cosmetics (Consumer goods (say Lipstick)	Machine Manufacturer (Industrial good say Lathe)
Advertising (A)	Very Heavy. It has to reach million of female customers	Light since customers limited and technical
Personal feeling (PS)	Very light since large market	Very Heavy. A technical message has to be given and informing opinion leaders is enough.
Sales Production (SP)	Heavy	Light
Public Relations (PR)	Very light	Light

Table 1.00

Relative importance can be shown graphically also as follows: (Fig. 3.00)

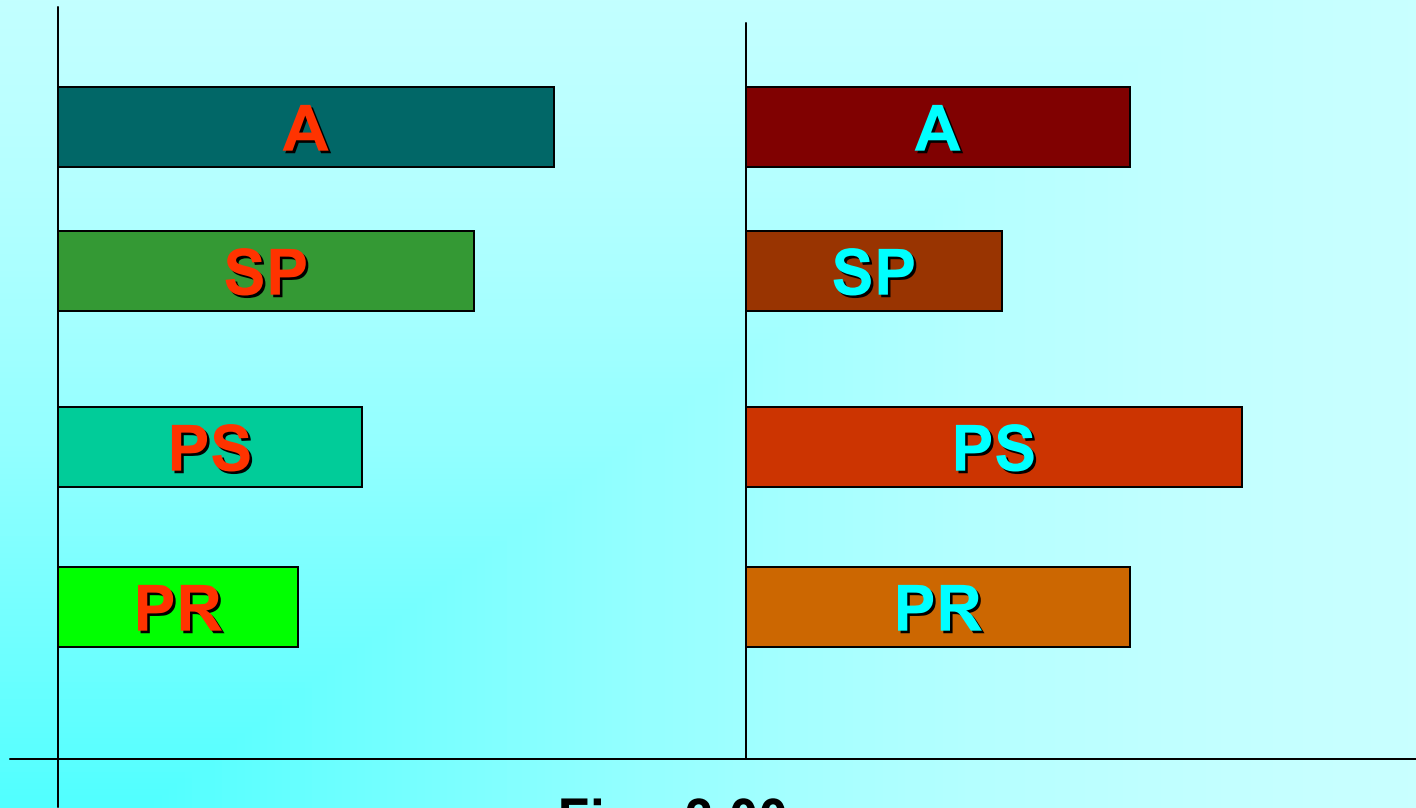


Fig.: 3.00

A – Advertising

SP – Sales Promotion

PS – Personal Selling

PR – Public Relations

STEPS IN EFFECTIVE COMMUNICATION

In order to be effective while communicating with the customers, following steps are required:-

a) *Target Audience*

It must be clear and we must define which segment of market we *want to attack* and inform.

b) *Various stages of Information*

A message must pass through the following stages. Ideally a message should pass through all these states in one go; but it is very difficult. Therefore, a stage by stage attempt should be made.

The various stages are as follows (Fig.: 4.00)

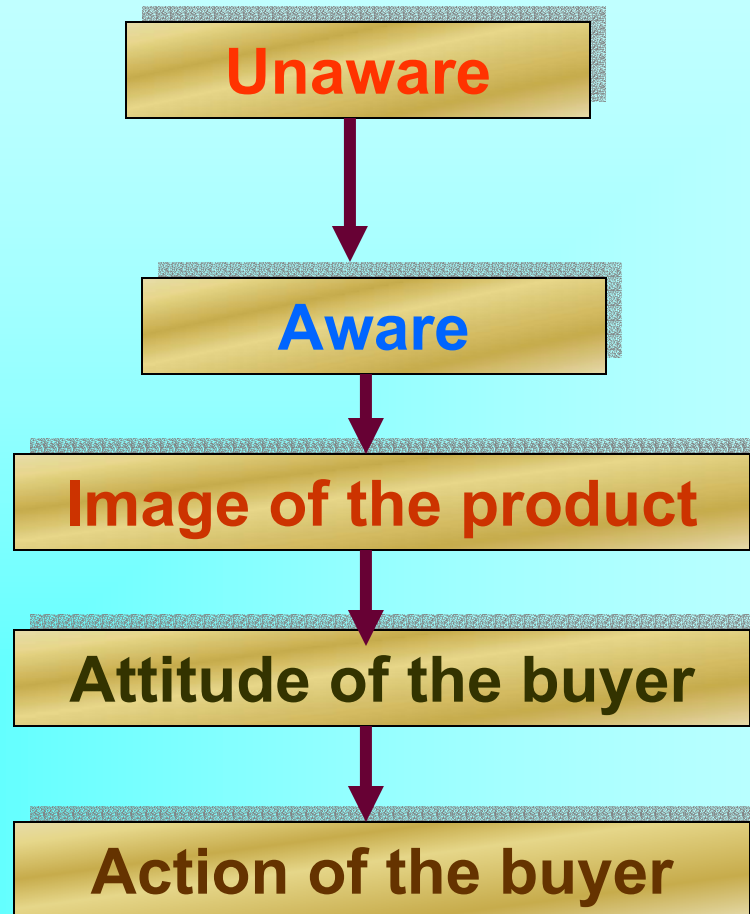


Fig.: 4.00

c) *Designing Message - AIDA Model*

Ideally a message must achieve the following objectives:-

- Attract Attention* (A)
- Hold Interest* (I)
- Arouse Desire* (D)
- Elicit Action* (A)

d) *Message Content*

A message should be detailed enough to meet the above objectives (AIDA) and at the same time the customer reads the same in the brief time available to him/ her. It should be clear in the following aspects:-

- ➔ “What to say”
- ➔ Which “Target Audience”
- ➔ To get “desired results”.

It must have, therefore,

- Appeal
- Theme
- Idea

Appeals are of various types like:-

- ▶ Emotional
- ▶ Fear
- ▶ Guilt
- ▶ Shame
- ▶ Sex

Appeal can be like brushing teeth two times a day. Go in for Annual Health Check-Up etc.

Also stop doing things which one should not do like smoking, drugging, over eating etc.

Appeals can also be like humour, joy, pride etc.

There are moral appeals also like "Do things which are right".

"What is right". "What is proper" like social awareness in ecology, clean environment, energy conservation, animal life saving etc.

e) *Message structure*

It should be clear and without any ambiguity Message should be structured. It operates on the principle of SORA model as follows (*Fig. 5.00*):-

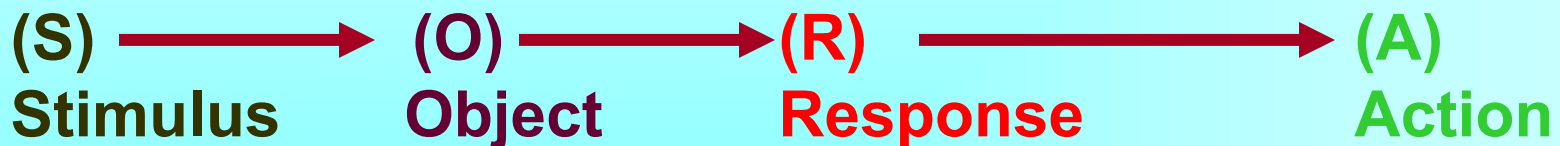


Fig.: 5.00

When we apply any **Stimulus (S)** on a **Object (O)**, it gives immediate **Response (R)** and depending upon the response, certain **Action (A)** and activity takes place. In this case the final activity may be purchase of the item.

f) *Message format*

The format of the "**Advertising**" should be strong and clear. It should be eye catching because reader has limited and very little time. Within the short available time, the reader should read your Ad. It should have strong format.

Colours play a vital role in eye catching. Colours like White, Red, Black, Yellow, Brown etc. have to be used carefully in order to catch the attention. Studies have revealed that a combination of yellow and white colour, catches immediate and maximum attention. Message format should keep following in mind:-

Head lines : They should be bold and easily readable.

Copy Text : It should be brief and to the point. It should convey all the important information to the reader about the product, organisation etc. It should highlight various features.

Illustrations : If possible proper illustrations, diagrams, photos, pictures may be given.

Colour scheme : Proper colour scheme should be chosen.

In case there is 'Ad.' on the T.V. or Radio, then proper Words, Voice, Pitch and Pauses should be chosen in order to create impact. It may be noted that our 'Ad.' has to compete with other Ads. It should be, therefore, catchy and should draw immediate attention.

g) Message Source

In this it is important "**Who says the message**". We must have some opinion leader/ fashion leader. The key speaker. For example, if it is fashion good then Madhuri Dixit/ some film actress may be the best. If it is some food product then a celebrity like Dara Singh may be the best. We must bring in expertise and trustworthiness.

h) Deciding the Media

Media has to be cost effective Media. Following factors have to be examined:-

Reach (R) - Number of different people to be reached.

Frequency (F) - Number of times a person is to be exposed to the same message.

Impact (I) - Qualitative Value of the message to be created.

Let us take an example as follows:-

Say budget is Rs. 10,00,000/=

Cost per thousand exposures of Average quality **Rs. 5/-**
 $10,00,000 \times 1000$

i.e. Advertiser can buy $\frac{10,00,000 \times 1000}{5}$

== 200,000,000 exposures

Say frequency is Ten. Therefore, advertisement can reach

$200,000,000$

$\frac{200,000,000}{10}$

== 20,00,000 People

Reach is more important particularly for New Products. One would like to reach more and more people through the same Advertisement in order to make cost effective. Similarly frequency is more important in order to meet more and more competition.

VARIOUS MEDIA DECISIONS

Number of Media options are available. Various Media's are:-

Telephone, News Papers, T.V., Direct Mail, Radio, Magzines, Out door Bill Boards and Indoor Bill Boards. Let us make a comparative analysis of each media (*Table. 2.00*):-

Sr. No.	Media	Advantages	Cost
1.	Telephone	Selective Audience No Ad. Competition, Personalization	High Cost Poor reproduction
2.	News Paper	Limited time Wider exposure High Believability. Mainly Black and White Adv. Acceptance High.	High Cost Short life.
3.	T.V.	Combines Sight and Sound. Good Impact. High Attention. High Reach.	High Cost. Audience selectivity less.

Sr. No.	Media	Advantages	Cost
4.	Direct Mail	Very high Audience selectivity. No Advertisement competition at that point of time, Personalized approach.	High Cost.
5.	Radio	Mass use/ appeal. Mainly for Health Advertisements	Low Cost Low quality Sound. Lower Attention than T.V.
6.	Magazines	Better than news papers, Quality of print better. Colour can be used.	Medium Cost.
7.	Outdoor	High use/ exposure. Repetitive exposure. Low competition. No. Audience selectivity.	Expensive Low Cost.

Table.: 2.00

ADVERTISING BUDGET

It is very important for a organisation to decide a annual budget of advertising and various other promotional activities in order to meet the desired objectives of sales targets. Key factors which have to be kept in mind while deciding the budget are:-

a) *Competitive Parity*

We must follow what our competitor does. Our Competitors budget is a good guide and a parameter to start with.

b) *Affordability*

Another parameter is that what one can afford. This should be the criteria for budget, particularly for small firms.

c) *Fixed %age of Turnover*

Normally it is best to decide a %age of the turnover to be spent on advertising. Large firms spend about 2% of output on advertising.

d) *Functions to be Performed*

A special budget can be planned for certain specified goals to be met. This varies from market to market and product to product conditions.

e) *Regression Analysis*

Based on past Ad. budget. This is a good technique because past trend is an excellent guide for future.

f) *Adaptive Control Model*

In this factor, one can change Advertisement budget as sales change from year to year basis.

STRATEGIES

There are 3 main strategies which are used in advertising. Type of product or Market will decide will strategy to use.

Strategy - 1 --- Push Strategy (Fig. 6.00):

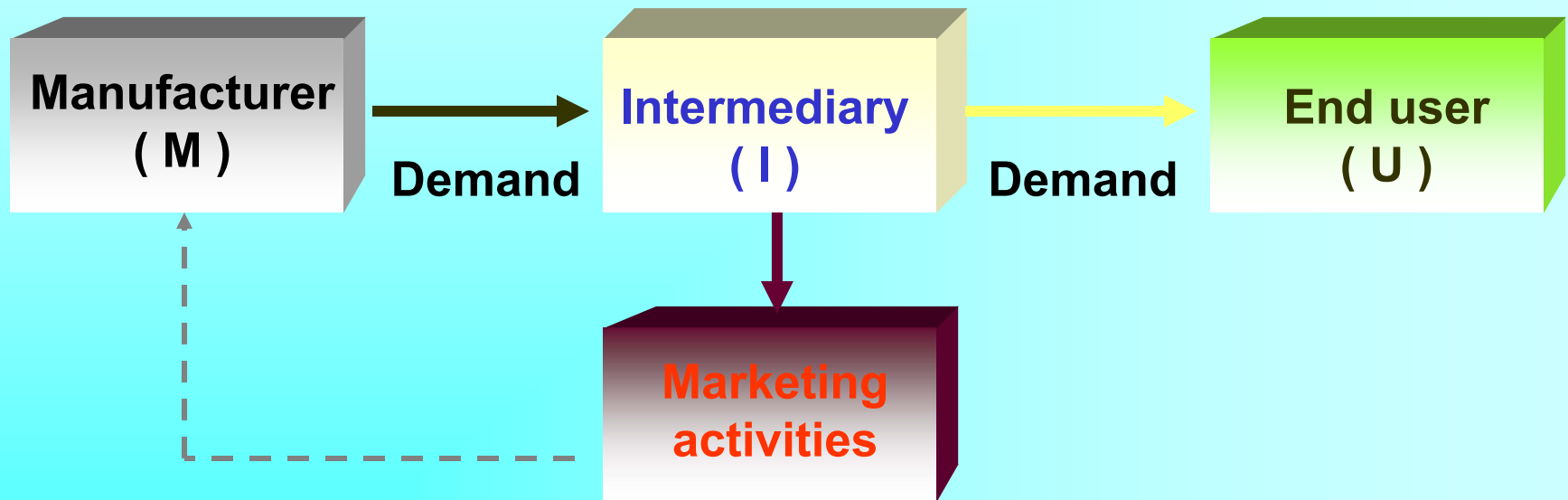


Fig.: 6.00

Manufacturer directs the activities to intermediary (I). Who is induced to order on M and then I supplies to the end user. This strategy is used by small industrial good manufacturers.

Strategy - 2 --- Pull Strategy (Fig. 7.00):-

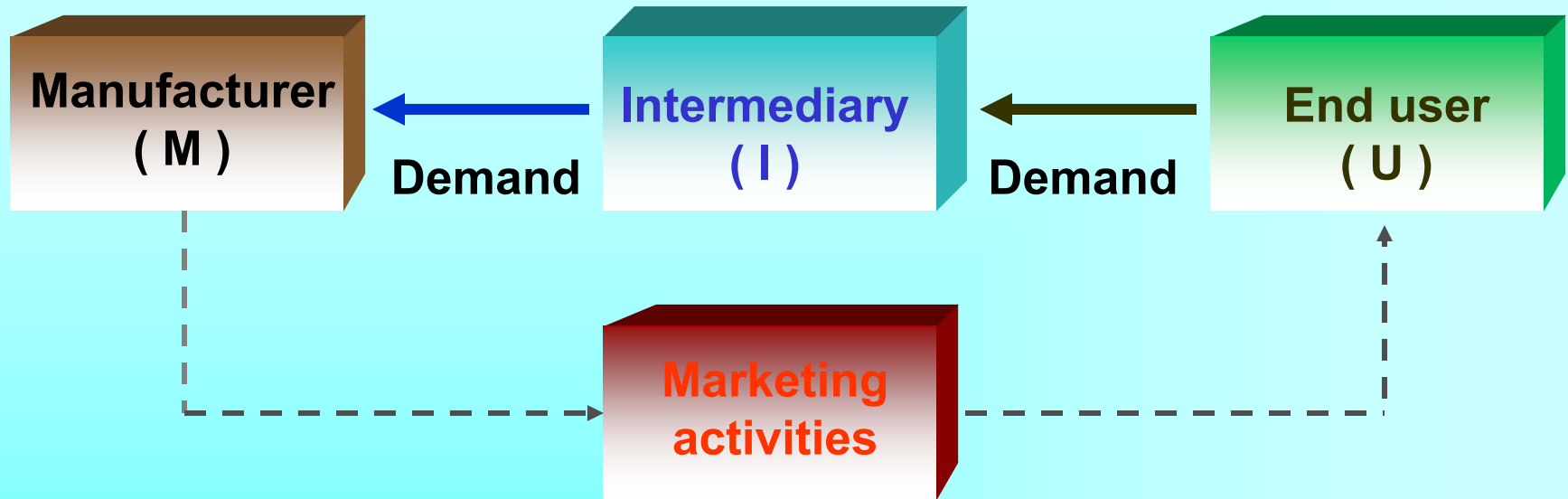


Fig.: 7.00

End users → Ask (I) for the Product & thus induce (I) to order on (M). **Hindustan Lever** uses Push strategy and **P&G** uses Pull strategy.

However, large companies use both the strategies.

Strategy - 3 --- PLC Strategy (Table -3.00)

Product Life Cycle (PLC) plays a vital role in deciding the advertising strategies at various stages of PLC. It is explained as below (Table. 3.00):-

Market Situation	Promotion Strategy
	1) Introduction
Customers are not aware. They do not know the product. They do not know the benefits – Total ignorance	<ul style="list-style-type: none">-- Inform and Educate-- What wants and Needs it will meet.-- Try to push the basic product rather than brand.-- Priority is on product Emphasis on personal selling like Exhibitions etc.-- Attract middlemen.

Market Situation	Promotion Strategy
	2) Growth Stage
Customers are aware. Product is selling well. Middlemen want to sell it.	<ul style="list-style-type: none"> -- Stimulate the brand name as competition grows. -- Emphasis on Advertising. -- Middlemen also share promotional costs.
	3) Maturity
<ul style="list-style-type: none"> -- Competition grows -- Sales level fall 	<ul style="list-style-type: none"> -- Advertise to persuade -- More Advertising -- Profits come down.
	4) Decline
<ul style="list-style-type: none"> -- Sales and Profits are declining. -- New and better products are coming in the market. 	<ul style="list-style-type: none"> -- Very little promotional efforts because product is declining. -- Focus is only to remind remaining customers.

Table – 3.00

IMPACT MEASUREMENT

In order to be effective while communicating with the customers, following measurements are required:-

I. Familiarity Scale (FAMS) *(Fig. 8.00)*

We must gauge whether the audience is aware or not and to what extent as follows:-

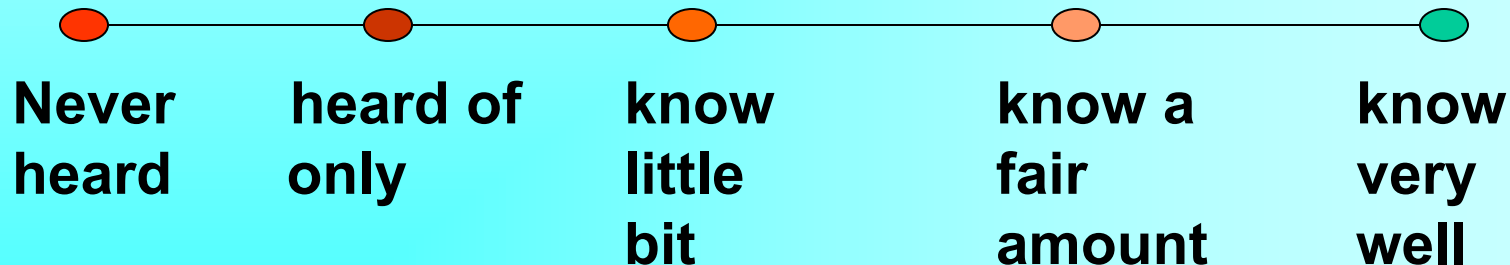


Fig.: 8.00

We can select a sample and give numbers on the above scale.

II. Favourability Scale (FAVS) (Fig. 9.00)

In this scale we measure the favourability response of the sample.

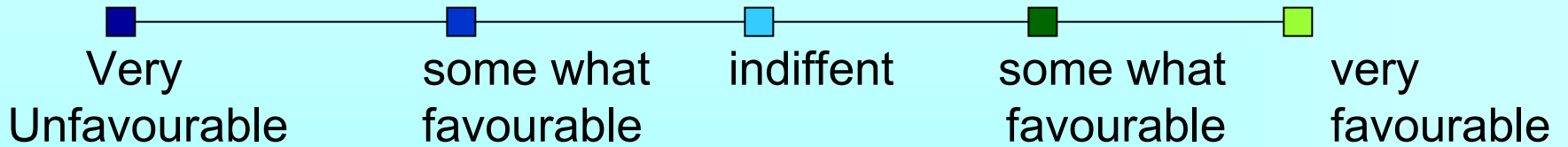


Fig.: 9.00

Let us combine both the scales in one in order to have better appreciation (Fig. 10.00):-

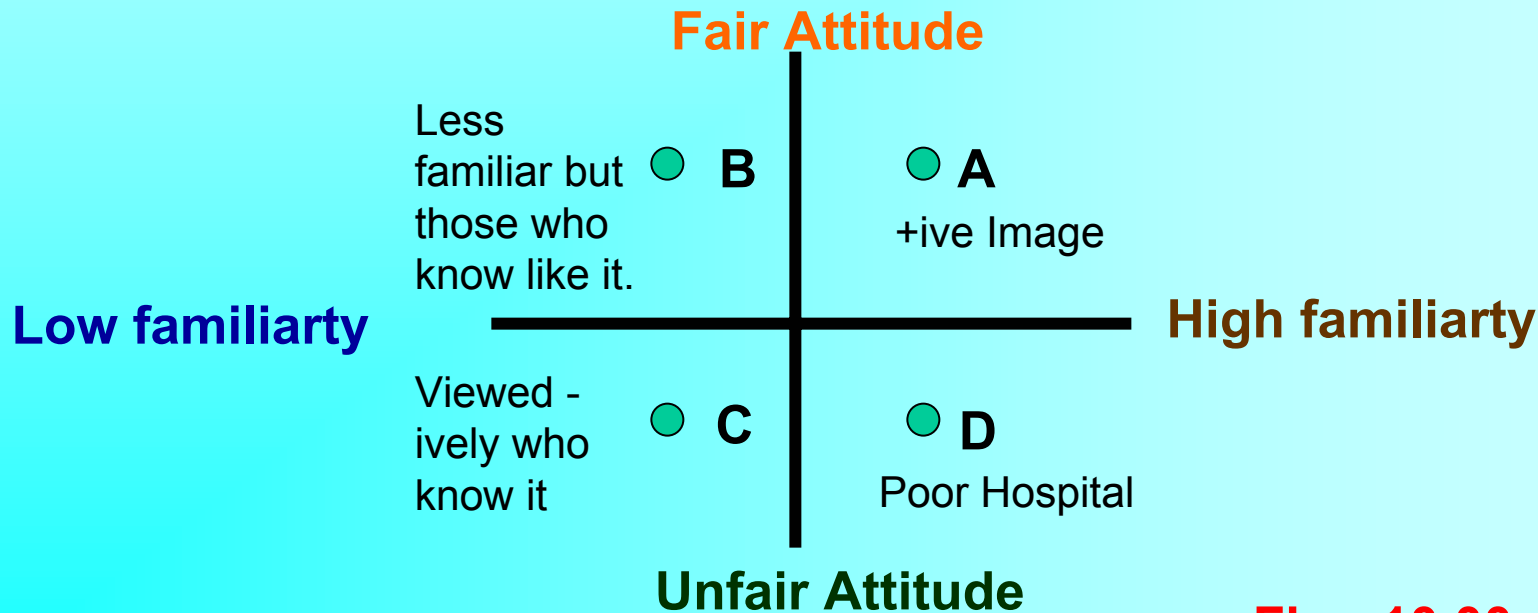


Fig.: 10.00

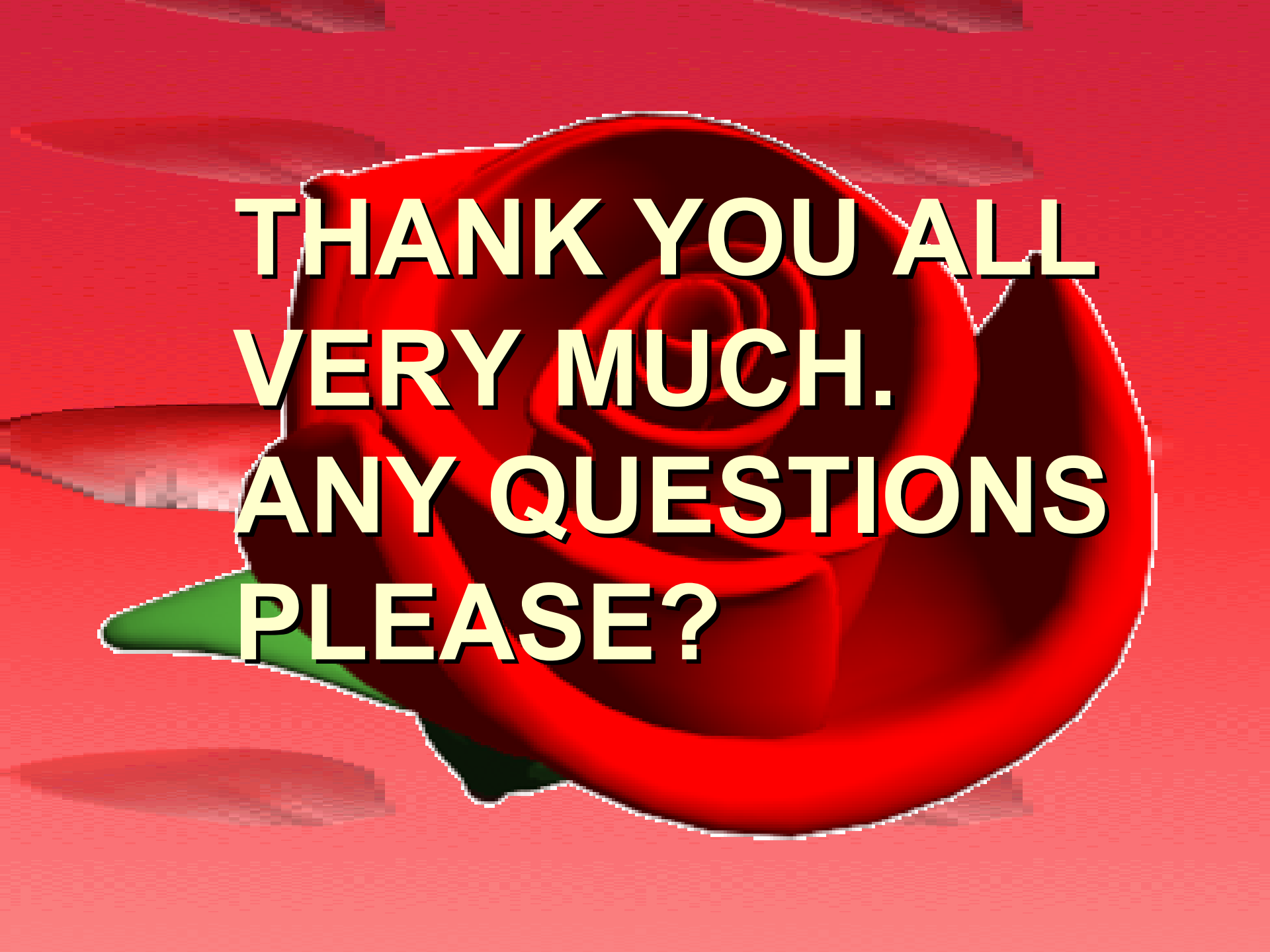
CONCLUSIONS

We would like to explain the promotional planning process as follows (*Table 4.00*):-

Promotional planning is like any other planning process in marketing - you start with what you want to achieve, identify a number of possible ways that you can achieve your objective, select the best one, implement your decision and finally monitor or check that the strategy you have chosen actually achieves what you set out to achieve. In other words, it's about objectives and strategies. Let's have a look at this process in more detail (*Table. 4.00*):-

Identify target audiences	To whom?
Determine promotion/ communication objectives	To achieve what? Create awareness inform, persuade, etc.
Design the message	To say what?
Select the communication channels.	Where the message will be seen : on TV, in the press etc.
Allocate the total promotion budget	How much money ...
Decide on the promotion mix	How much to spent on ads, sales, promotions, publicity.
Measure the promotion's results	Effect of your promotion, feedback.
Manage and co-ordinate the total marketing actions.	Implementing and monitoring communication process.

Table – 4.00



**THANK YOU ALL
VERY MUCH.
ANY QUESTIONS
PLEASE?**