

**COURSE  
GUIDE****MKT 308  
PROMOTION****Course Team:**

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National Open University of Nigeria

First Printed

ISBN:

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National Open University of Nigeria

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## INTRODUCTION

There is hardly a single, universally accepted meaning /definition of promotion. The concept has been defined in a variety of ways. It is often defined as the series of services involved in moving product, goods or commodity from the point of production to the point of consumption.

This definition takes into account the activities of many organizations, and governments involved in commodity marketing in the developing world. However, this approach to agricultural marketing omits two key elements of any definition of marketing production to effuse the marketing concept: a customer orientation and inbuilt sustainability. In the light of this development, an alternative definition of promotion in marketing has emerged, which overcomes the problems posed by these two omissions. It has now been defined as a management orientation focusing all the activities of the organization on satisfying customer needs and wants thereby helping achieve the organization's long-term objectives.

The latter definition promotes both customer orientation and the organization's long-term sustainability. Thus, the marketing concept is that an organization achieves its goals through the provision of customer satisfaction. Promotion in marketing is also acknowledged as an integrative force that matches production to customer needs and Satisfaction. It is instructive to note that the definition of promotion in marketing does not preclude non-profit organizations, including cooperatives. Therefore, promotion will be examined in a broad context in this course, highlighting their contributions to the organization.

### Module

This Course Guide tells you, in a nutshell, what you should expect, from going through this material. As individuals within a society become more specialized in their economic activities, they come to rely upon others, to supply at least some of the products and services which they need. Thus begins the process of exchange between buyers and sellers.

As the economy develops and the number and types of exchanges expand, there is a corresponding need for increasingly specialized marketing services, including physical distribution, storage, grading, market information gathering, etc. The number of participants also increases, with many of the specialized services being provided by intermediaries between the seller and the ultimate buyer. The Course examines the

It also highlights the:

The course discusses the  
It also examines basic in promotion.

The course defines the concept of and explores its genesis, as well as its role as a financing agent in development. It captures the problems of in Nigeria and illustrates pertinent measures aimed at solving .

## **COURSE AIM**

The aim of this course is to provide an understanding of promotion in marketing and cooperatives as well as their contributions to the organization. It also aims at examining the evolution, nature and scope of promotion in Nigeria and their relevance to business and non-business organizational development.

## **COURSE OBJECTIVES**

This course, in addition to its aims, is set to achieve some objectives.

At the end of this course, you should be able to:

- understand the relevance of marketing to the and sectors
- explain the meaning of the
- discuss the functions of marketing
- describe the nature and scope of in Nigeria.

## **WORKING THROUGH THE COURSE**

In this course, you will be required to devote considerable time, reading through the material. The content of this material is very dense and it will require you spend great time studying it. This is the reason for the considerable efforts put into the development of this material in an attempt to make it very readable and comprehensive. You will however be required to put tremendous efforts in the reading and studying of the material. You should therefore avail yourself of the opportunity of being present during the tutorial sessions so that you would be able to compare knowledge with your colleagues.

## **COURSE MATERIAL**

You are to be provided with two major materials, namely:

- Course Guide
- Study Units

The course, in addition, comes with a list of recommended text books. These text books are however not compulsory for you to acquire or read. They are necessary as supplement to the course material.

## STUDY UNITS

This course is divided into five Modules and each Module is in turn divided into Units as follows:

### Module 1

Unit 1	Promotion Concept
Unit 2	Promotion Objectives
Unit 3	Tools of Promotion
Unit 4	Advertising
Unit 5	The Purposes and Planning of Advertising

### Module 2

Unit 1	Promotion Strategy
Unit 2	The Place of Promotion In The Marketing Mix
Unit 3	Controllable Factors Affecting the Promotion Mix
Unit 4	Controllable Factors Affecting the Promotion Mix
Unit 5	Uncontrollable Factors Affecting the Promotion

### Module 3

Unit 1	Sales Promotions and Personal Selling
Unit 2	Social Influences on Promotion
Unit 3	Planning
Unit 4	Financial, Measuring, and Controlling the Promotion Program
Unit 5	Ethics and the Promotion Process

### Module 4

Unit 1	The Basis for Ethical Decisions
Unit 2	Consumerism and Promotion
Unit 3	Evaluating and Controlling Promotion Efforts
Unit 4	Research Needed on the Promotion Mix

The first module introduces you to the concept in promotion in marketing.

In it, you will be exposed to the various approaches to organizational marketing. You will understand operational modes of promoting product and marketing enterprises.

In the second module, you will be exposed to the.

You will also be taken through the market mechanism and its impact on both buyers and sellers.

### **Module**

In the third module, you will be familiar with price mechanisms in commodities. This module also introduces you to price dynamics in promoting product and organization image commodities, as well as pricing strategies.

In the fourth module, you will be exposed to commodity marketing systems. The module introduces you to stages in commodity marketing systems as well as related challenges. You will become familiar with different strategies in marketing various primary commodities.

The last module discusses the an agent of

You will know the history of the cooperative movement and its relevance to production and development.

### **TEXT BOOKS**

I shall like to recommend that you acquire more recent editions of these text books and read:

Kotler, P. (1988). *Marketing Management, Analysis, Planning, Implementation and Control*. Prentice Hall, New Jersey.

Gardeke, R.M. and Tootelian, D.H. (1983). *Marketing Principles and Applications*. West Publishing. Minnesota.

Palmer, A. (2000). *Principles of Marketing*. Oxford University Press, Oxford.

Brown, S. (1995). *Postmodern Marketing*, London, Routledge.

## **ASSESSMENT**

There are two components of the assessment for this course: Tutor Marked Assignment (TMA) at the end of each unit, and The End of Course Examination.

### **TUTOR-MARKED ASSESSMENT**

As in many learning processes, where there is always a continuous assessment to keep the student refreshed of what has been learnt, the

#### **Promotion**

TMA is a continuous assessment component of your course. It accounts for 30% of the total score you will obtain in this course.

### **END OF COURSE EXAMINATION**

The course is to be concluded by this examination. It constitutes 70% of the whole course. You will adequately be informed of the time of the examination. It should be noted that this examination may not coincide with the University semester examination. This and the tutor Marked Assignment will determine your final grade.

### **SUMMARY**

This intends for you to have an underlying knowledge of promotion. By the time you complete this course, you will be able to answer, convincingly, the following questions:

- Differentiate between the different concepts in marketing.
- What is the relevance of promotion in the market to product production?
- What factors affect the commodities?
- What are the operational modalities of?
- What are the contemporary challenges of promotion in Nigeria?



**COURSE  
GUIDE**

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## MODULE 1

Unit 1	Promotion Concept
Unit 2	Promotion Objectives
Unit 3	Tools of Promotion
Unit 4	Advertising
Unit 5	The Purposes and Planning of Advertising

### UNIT 1 PROMOTION CONCEPT

#### CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Nature of promotion
3.2	Definitions of promotion
3.3	Functions of communications objectives
3.4	The role of promotion/communication
3.5	The importance of promotion/communication
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

#### 1.0 INTRODUCTION

Promotion is a complex activity, to which most entrepreneur are not attuned. However, you can begin to understand promotion by realizing that it is based on communication. In fact, promotion is worthless unless it communicates. Therefore, let us look at how promotional decisions need to be built on a correct understanding of the communication process and the purpose of company's product promotion is to stimulates the potential customers into being interested in their product and making purchase and to encourage old customers to continue to buy the product.

#### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- understanding the nature and define promotion
- identify functions of communications objectives

- examine the role of promotion/communication
- appraise the importance of promotion/communication
- be able to impart such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Nature of Promotion**

Promotion the last element in marketing that gave rise to the study of marketing communication that is application of basic principles of general communication to achieve a wider customers, clients, stakeholders as well as interest groups' common understanding on any pre-conceived idea, opinion, information, thought, feelings etc. this is also referred to as marketing promotion. Promotion is the act of making the customers to be aware of a particular product. In a sense it involves some effort. Promotion and selling can be regarded as synonyms but the two do not connote the same meaning. Promotion is attempting to provide information whereas selling is act of exchange.

Promotion entails both personal and non-personal selling elements and they are used to familiarise the prospective customers with the products being sold or the service being rendered. The non-personal selling elements of promotion include advertising, sales promotion, public relations and publicity. They set stage for personal selling while personal selling is the final step in the promotion effort both personal and non-personal selling are used to accomplish the goal of promotion programme.

#### **3.2 Definitions of Promotion**

Stanton (1975) described promotion as exercise information, education, persuasion and influence.

Achumba (1995) defined Promotion as coordinated sellers initiated efforts to established channels of information and persuasion to faster the sale of a good and service or the acceptance of idea or point of view.

Ahmed-ogundipe (2001) described promotion as part of marketing activity is communication with the target market. This is to inform the public of the existence of the company's products and the likely benefits to be derived from their usage.

Ezumah and Anekeoku (2008) defined promotion as the efforts by a firm to design and disseminate information about its products existence, features/terms and the benefits to the target market using different media.

Ebue (2000) suggested that a company's communication responsibilities do not end with the target customer. He opined that a company must communicate with other parties in its task environment, particularly its dealers and suppliers.

Everyone communicates in some way each day. However, it is important to realize that communication is a process with identifiable components. As shown in the diagram below, every communication involves a source, a message, a channel, and a receiver. The diagram represents a small business communication – a company communicating with a customer.

Promotion consists of marketing communications that inform, persuade, and remind consumers of a firm's total product offering. Small businesses use promotion in varying degrees, with any given firm applying some or all of many promotional tools.

Communications objectives organize and coordinate company resources toward common objectives. They specify the target to be reached, the message to be conveyed, and the response to be expected from the target. They are also useful in determining how the promotion target is to be reached with a message strategy and a media strategy.

Communications objectives serve four main functions:

They act as the initial step in planning communications strategy and facilitate the accomplishment of all subsequent steps, such as control and evaluation.

They set the meaning to be conveyed to the promotion target, as well as the number of receivers to be reached.

They establish expectations and help to ensure coordination of the communications program with other marketing activities.

They provide the means for program evaluation.

Some examples of communications objectives might be these:

- (1) to increase awareness of Brand name from 10 percent to 15 percent among middle-income-group.;
- (2) to establish a quality brand image for our product among married men with teenage daughters at home; and
- (3) to secure an increase in package recognition from the present 25 percent to 40 percent among low income earners e.g gardeners, housekeeper.

### 3.4 The Role of Promotion/Communication

The role of promotion/communication is very essential and this will be view from marketer's perspective. The relative importance of these roles varies according to the circumstance faced by the firm. Promotion/communication serves three roles these are:

It informs(educates)

Persuades and

Reminds

### 3.5 The Importance of Promotion/Communication

The importance of promotion/communication are as follow:

- The importance of marketing communication can be traced from its extent of contribution towards the attainment of overall marketing objectives.
- Promotion/communication aims at identifying consumer needs and satisfying the needs at the time place and form desired by the consumers and at an affordable price must be informed, persuaded reminded and reinforced by using suitable communication appeals that touch felt need.
- Promotion/communication strategy must be capable of supporting the overall product, distribution and price strategies.

Marketing promotion/communication is generally accepted as a useful and necessary function because of the following points.

It can be used to communicate wants-satisfying attributes of the products or any special additional services a firm may offer or any reduction in the price of the product.

It can be used in remarketing of certain products through tactical withdrawal of the promo tools.

It can be used to keep existing product popular and even reposition their images.

It is used in market segmentation by directing the message to a specific target through a medium that is accessible to the target audience.

An effective promotion/communication plan can increase the market share of the firm

It generates interest among the members of the distribution channel.

It is sometimes educative and entertaining.

It offers employment opportunity to both media people and advertising agency as a form revenue generation.

## **4.0 CONCLUSION**

The purpose of marketing communication or promotion is to inform prospective customers, client consumers, buyers, agents about the existence of product and what problem it can solve by persuading the customers to maintain their brand loyalty or to brand-switch through reinforcing their existing buying behaviour and reduce or eliminate any possible cognitive dissonance and remind them their past experience (satisfaction) with the brand.

## **5.0 SUMMARY**

In this unit, you have learnt and been exposed to the nature, meaning and identify functions of communications objectives, examined the role of promotion/communication, as well as the application of this concept in the business organization, also appraise the importance of promotion/communication.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is the nature of promotion
2. Identify and explain functions of communications objectives?
3. Discuss the role of promotion/communication?
4. List and explain the importance of promotion/communication?

## **7.0 REFERENCES/FURTHER READINGS**

Ahmed-Ogundipe, K. A (2001). *The foundation of marketing*, Lagos: Percept Limited.

Achumba, I. C (1995). *Sales Management: Concept and Strategies*. Rock Hill, USA, Al-Marks Educational Research. Inc.

Asika N and Osuagwu L (1997). *Research Methods for Marketing Decisions*, Lagos: Malthouse Press Ltd.

Ebue, B. C (2000). *Marketing Communication*. Enugu, John Jacob's Press.

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Houston, F.S. (1986). 'The Marketing Concept: What it is and what it is not'. *Journal of Marketing*, 50, April, pp. 81-7.

## **UNIT 2 PROMOTION OBJECTIVES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Promotion objectives
  - 3.2 Rules for Setting Workable Promotion Objectives
  - 3.3 Benefits of promotion to the firm
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In unit 1, you have learnt and been exposed to the nature, meaning and identify functions of communications objectives, examined the role of promotion/communication, as well as the application of this concept in the business organization, also appraise the importance of promotion/communication. In this unit we shall focus on Promotion objectives, Rules for Setting Workable Promotion Objectives and benefits of promotion to the firm.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- understand promotion objectives
- outline rules for setting workable promotion objectives
- describe benefits of promotion to the firm.

### **3.0 MAIN CONTENT**

#### **3.1 Promotion Objectives**

Intelligent promotion management requires clearly stated objectives for each promotion tool to be used in the promotion mix. Frequently, objectives for the promotion tools are not stated at all, or are expressed in such broad terms that they are useless to promotion managers. If promotion managers are asked what the objectives of their programs are, some answers that can be expected are (1) to increase sales (too vague and broad); (2) to increase sales by a set percentage, such as 10 percent (this is a marketing program

objective, and very difficult to attribute to any one promotion tool); or (3) to increase buyer preference for my product (too broad and difficult to measure). The setting of specific objectives against which to measure the results of advertising and publicity programs is recent marketing phenomenon; many promotion programs are still being run without concrete objectives against which results can be measured.

### **3.2 Rules for Setting Workable Promotion Objectives**

Promotion objectives should meet the following seven criteria:

They should be built on a solid foundation of research. The product features consumers want to buy should be uncovered and stated in terms of customer benefits. Many times, products are being used for purposes other than what manufacturers think. For example, Scotch cellophane tape was found to be used in so many different ways that the manufacturer ran a contest to determine all the purposes for which it was being used.

They should be stated in concrete and measurable terms. Vague objectives are of little help in planning and of no help when evaluations need to be made. Where possible, objectives should be subject to quantitative measurement.

They should contain a well-defined promotion target whenever possible. Promotion programs are built for target groups, and it is wise to specify the characteristics of the target in the statement of objectives. This will help top management and promotion managers keep the target in mind when making decisions.

They should be written. Verbal objectives have a way of being changed as they are passed from person to person. The only way to ensure that each person working with objectives has the same understanding of them is to put the objectives in writing and furnish each responsible person with a copy.

They should be stated in terms of what promotion can realistically achieve. Promotion objectives set too high lead to discouragement and low morale when they are not reached. If they are set too low, the incentive to excel is removed. Promotion objectives should be capable of being reached with good, sustained efforts.

They should help reinforce and attain the overall marketing objectives. Advertising, publicity, personal selling, and sales promotion objectives, when achieved, should contribute to the securing of marketing objectives. Promotion objectives are subordinate to marketing objectives and must be designed to support and enhance them.

They should be reviewed periodically to determine if promotion programs are running according to plan or whether changes are necessary. This review should take place at



least quarterly, so that any required changes can be made before serious disruptions in the programs occur.

These criteria for objectives can be applied to determine whether an objective is properly stated. As an illustration of this, consider the following advertising objective stated by a major department store. “The objective of this year’s advertising is to communicate to the maximum number of consumers that convenient credit terms can be arranged so that you can buy now and pay later.” Two obvious shortcomings of this objective are that:

- (1) the advertising target is ill-defined and provides little help in the creation of an advertising message or the selection of advertising media;
- (2) there is no basis on which to assess the effectiveness of the communications message. Would an increase in awareness of 25 percent be enough, or is 40 percent needed? A much better statement of the advertising objective would be the following: “The objective of this advertising campaign is to communicate the availability of easy credit terms to an additional 25 percent of customers and potential customers where they are located and who are 25 to 54 years of age and earnings per year.”

Variables such as economic conditions, price changes, marketing-channel variations, political environment, and the like all combine to affect the sales of a product, and it is most difficult and expensive to try to isolate, from this complex combination of marketing and non-marketing factors, the effect of any of these variables on sales. Furthermore, there is often a time lag between the appearance of an advertising or publicity message and final purchasing action.

Many promotion authorities have come to the conclusion that, because the role of advertising and publicity is to communicate, communications goals, not sales goals, are the only reasonable standards against which advertising and publicity programs can be measured. It is possible to measure the accomplishment of communications objectives by researching before and after the message is run. Advertising and publicity objectives should be clearly stated communications, objectives, so that success or failure can be easily measured. Mass-communications objectives must be consistent with other promotion objectives and overall marketing objectives.

### **3.3 Benefits of Promotion to the Firm**

In an accounting sense, promotion is a current expense to a firm. From the expenditure of its promotion budget, the firm expects to make a short-term or long-term profit. However, this profit may come about in different ways. Some of the basic contributions promotion can make, directly or indirectly, to a firm’s profits are these:

- Promotion provides a “voice” for the firm in the marketplace, so that it can communicate product features and benefits to prospective customers.
- Promotion helps a firm increase the sales of its products in all but purely competitive markets.
- Promotion aids a firm in establishing new products.
- Promotion aids a firm in securing distribution of its products among marketing-channel members.
- Promotion helps a firm in establishing a preference for its branded products.
- Production aids a company in building a favorable corporate image.
- Promotion can assist a firm in leveling out peaks and valleys in its production schedule.
- Promotion keeps a seller in contact with his markets. Customers and prospective customers (prospects) want to know of the existence of want-satisfying products, where to buy them, and their qualities expressed in terms of benefits. Without this information, buyers are severely handicapped in attempting to maximize the results of their expenditures. Some product information is available to buyers through such publications as *Consumer Reports*, but most is delivered by various forms of promotion.

Ultimately, sellers expect the use of promotion to increase the sales of their products or services. Sales are necessary to ensure the existence of any profit-making enterprise; they provide the revenue with which a firm keeps operating.

New products are particularly difficult to establish in markets served by strong competitors. In general, the odds are against a new product’s succeeding in the marketplace. In fact, some studies have estimated that 8 out of 10 new products introduced to the market fail. A survey by the National Industrial Conference Board, of 87 companies to be highly successful in introducing new products, revealed that even with the application of modern marketing methods, 3 out of 10 new products introduced had failed during the preceding five years. A high failure rate among new-product introductions can be considerably reduced when proper promotion methods are applied. The members of a marketing channel (wholesalers and/or retailers) wish to handle products that are properly promoted, since well-promoted products sell rapidly and with a minimum of effort. Before they stock a new product, one of the key questions middlemen ask is, “How much and what kind of promotion effort is behind the product in my area?” New products without sufficient promotion of the right kind are unlikely to be stocked. A brand preference within a product class, often exhibited by consumers, is brought about by satisfactions received from the use of that brand and the actual and/or psychologically perceived qualities attributed to it. Proper promotion can do much to enhance the value of a brand in the buyer’s mind by pointing out the satisfactions to be received, the social status of the brand, and other benefits of interest. It is important to develop a favorable corporate image, as this helps with product sales as well as other matters. Production

peaks and valleys brought about by seasonal consumption are descriptive forces in a company's operations. Peaks can put heavy strains upon the firm's work force, machinery, raw-material inventories, and so on. Valleys can bring about employee layoffs and idle machinery. Most companies prefer to avoid wide fluctuation in their production schedules and may store for future delivery or promote their products heavily in the off-seasons. Promotion has helped smooth out the peaks and valleys for products.

#### **4.0 CONCLUSION**

The benefits of promotion to a firm are so strong that few firms, beyond those engaged in pure competition, fail to use some form of promotion. The types of promotion used and the amounts spent on vary widely, but even the smallest companies normally find promotion to be a vital aspect of their business operations and the judicious use of promotion can also do much to enhance the "corporate image"—the way the buyer perceives the company, or the "personality" that the firm has created in the minds of its various publics

#### **5.0 SUMMARY**

In this unit, you have learnt that:

- understand promotion objectives
- outline rules for setting workable promotion objectives and
- describe benefits of promotion to the firm.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Discuss what do you understand by promotion objectives?
2. Enumerate rules for setting workable promotion objectives
3. Discuss the benefits of promotion to the firm?

#### **7.0 REFERENCES/FURTHER READINGS**

Ahmed-Ogundipe, K. A (2001). *The foundation of marketing*, Lagos: Percept Limited.

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## **UNIT 3 TOOLS OF PROMOTION**

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Tools of Promotion
  - 3.2 Objectives for Specific Promotion Tools
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

Promotion tools are more or less interchangeable, and not all tools have to be used in any promotion mix. Some products are sold entirely through mail-order advertising. Others, such as Fuller Brush products, depend primarily on door-to-door selling to achieve sales objectives. New, undercapitalized producers may have to depend completely upon publicity to secure initial orders. However, no one promotion tool is better than any other in all situations. Seldom does a company use any single promotion tool as the entire promotion mix.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- describe tools of promotion
- appreciate the objectives for Specific Promotion Tools

### **3.0 MAIN CONTENT**

#### **3.1 Tools of Promotion**

In the determination of the proper promotion mix, the decision is made as to which promotion tools are to be used and how much dollar support will be given them. The major factors influencing this decision, one must consider the type of market (whether consumer or industrial), the customer, the product, buying habits, stage in the product's life cycle, channels of distribution, and pricing policies. In addition, the strengths and weaknesses of each promotion tool must be considered, as well as the preferences of the marketing manager.

In his effort to shift the demand curve for his product upward and to the right, the seller can use one, all, or any combination of advertising, publicity, personal selling, and sales promotion. These are the promotion tools available for his use, which he can combine in any desired manner to secure appropriate results.

Advertising is any paid form of non-personal presentation of products, services, or ideas by an identified sponsor. With advertising, a seller presents his message to consumers in such media as television, radio, newspapers, magazines, and direct mail.

Publicity is news or information about a product, service, or idea that is published on behalf of a sponsor but is not paid for by the sponsor. Publicity is “free” in the sense that the sponsor does not pay for space or time used in presenting his message. Usually, publicity messages are presented as news, helpful information, or announcements, in such media as newspapers, magazines, television, and radio, and the sponsor’s name may or may not be given.

Personal selling is the presentation of a product, service, or idea by a salesman in direct contact with his prospect. It covers all types of salesmanship, including telephone selling, and encompasses selling to industry, middlemen, and the ultimate consumer.

Sales promotion is any promotional activity that is designed to directly supplement other promotion activities. Such things as contests, premiums, trading stamps, and trade-show exhibits are definitely of a sales promotion nature. Other sales promotion activities may not be so easily categorized and must be recognized by elimination. In other words, if a promotion activity does not fall into the classifications of advertising, publicity, or personal selling, it should be classified as sales promotion. The relative strengths and weaknesses of the promotion tools in completing a sale are as shown in Table.

All decisions regarding the promotion mix are customer-oriented and should be made with the customer’s satisfaction as the key consideration. Mass communications such as advertising and publicity can create awareness and interest but are unlikely to generate specific buying action. Personal selling and sales promotion are much stronger in stimulating such action.

**TABLE 1:** Using Promotion Tools to Complete a Five-Step Sale

	Awareness	Interest	Evaluation	Trial	Adoption
Publicity	A	A	B	B	D
Advertising	A	A	C	D	D
Personal selling	E	E	A	A	A
Sales promotion	B	B	B	A	A

- A—Very good for this purpose
- B—Performs satisfactory
- C—Average performance
- D—Does not perform well
- E—Usually too costly to use alone for this purpose

Public relations and institutional advertising can provide an overall favorable atmosphere in which the promotion tools can more effectively operate. Promotion tools tend to complement each other, as disclosed in the study made by John Morrill Company, Inc., of the approximate effects of personal selling and business-publication advertising on the sales of products in five categories. According to this research, increased sales per call result when advertising is added to personal selling, and selling costs are also reduced by this combination. The exact percentage of increases and decreases are as depicted in Table 2. More studies of this type need to be made to fully understand the effects on sales of the promotion tools working singly and in combination.

**TABLE 2:** Results of Combining Business-Publication Advertising with Personal Selling

Industry class	Percentage increase in sales-per-call when ads are added	Reduced selling costs as a percentage of sales when ads are added
Utilities products	6.4%	--7.5%
Commodities	23.6	--19.6
Electrical	12.6	--11.4
Metalworking	20.8	--18.6
Chemicals	6.9	--6.3

**SOURCE:** *How Advertising Works In Today's Marketplace; The Morill Study* (New York: McGraw-Hill, 1971), P. 4.

To get maximum promotional results at minimum cost, the right combination of promotion tools to meet specific promotion objectives should be determined. Then, for a given promotion tools to be used in a manner that yields the same marginal profit on the marginal dollar spent on each tool. However, when the varying productivity of the promotion tools and the numerous other variables affecting sales besides the promotion mix are taken into account, the “marginal theory” leaves much to be desired in a practical sense. At this time, more can be gained by studying the effects of the product, place, and price mixes on the promotion mix.

### 3.2 Objectives for Specific Promotion Tools

Just as there should be overall marketing objectives, there should be objectives set for each promotion tool used, such as advertising, publicity, personal selling, and sales promotion. Marketing objectives should help further the overall company objectives, and

objectives for each promotion tool should harmonize with one another and with overall marketing goals.

**Advertising Objectives:** Advertising goals should be stated as specifically as possible, so that they are able to guide the creative team in developing effective copy, the media team in choosing proper media, and the research team in evaluating the results of advertising.<sup>4</sup> The advertising manager, with the help of general management, must decide what part of the total promotion effort is to be assigned to advertising and define those tasks in terms of specific communications goals or objectives.

In order to properly measure the results of advertising, communications goals rather than sales goals should be set. Although the end purpose of most advertising is to aid in making sales, its short-range purpose can be defined much better in terms of communications. Russell H. Colley, in his book, *Defining Advertising Goals for Measured Advertising Results*, maintains that advertising objectives must be stated in communications terms if any meaningful measurement of results is to take place, since advertising efforts cannot be related to sales unless full-scale market experiments are used whereby all variables except the one being measured are held constant. In stating this viewpoint, which has become known as DAGMAR, Colley defines an advertising goal as “a specific communications task to be accomplished among a defined audience to a given degree in a given period of time.”<sup>5</sup> He also divides advertising objectives into four stages of “commercial communication,” as follows:

**Awareness:** The prospect must become aware of the existence of the brand or company.

**Comprehension:** The prospect must understand what the product is and what it will do for him.

**Conviction:** The prospect must be mentally convinced to buy the product.

**Action:** The prospect must take meaningful action.

In essence, communications objectives should be stated in terms of what it is we want to tell people. For example, the overall marketing objective might be to increase the market share for a brand from 2 to 25 percent among retired people in the Southeast during the coming year. The advertising objective, stated in communications terms, could be to increase awareness of Brand X from 40 to 55 percent among senior citizens in the Southeast by letting them know that the product is specifically designed to satisfy the needs of people over 65 years of age.

Often, advertising may have more than one objective, but one major theme should be developed to carry throughout the advertising campaign. Advertising objectives are reached through a series of advertisements, each incorporating the basic theme, if the advertising program is to be a success. Usually, manufacturers do not expect advertising to bring immediate results, but rather plan that the returns from it will build over a long

period. As an example, the multiple goals used to guide the advertising planning for United Air Freight are these:

- To create a better understanding of what air freight is and does
- To advertise United Air Freight's position within the air-freight industry
- To come up with a concept that sets United Air Freight apart from all its competitors<sup>7</sup>
- These objectives are not good examples of specific advertising goals, although they are better than those used by many companies. Specific objectives are most helpful to the advertising manager, because they furnish actual promotion targets and lend themselves to measurement.

**Publicity Objectives:** These objectives should also be stated as communications objectives if results are to be determined. Since publicity is news or information about a product, service, or idea, which is published on behalf of a sponsor but whose space or time costs are not paid for by the sponsor, the publicity manager does not know if none, part, or all of his publicity messages will be used. Since he lacks control over the space or time, it would be difficult, if not impossible, to measure the effects of a publicity program directly on sales. Again, communications objectives that are measurable can be set for publicity.

For example, a publicity manager can set the objective of securing 1 million agate lines of publicity on the product in newspapers throughout the United States. By utilizing a clipping service to send him cutouts of the publicity used, he can determine at the end of a period whether or not he has reached his objective. Likewise, on a new product, he can set the objective of getting 25 percent of the promotion target to recognize the product's brand name before advertising breaks or salesmen make their first calls.

To a company's public relations director, objectives often mean the building of a favorable corporate image. For example, the public relations objective for this year might be to get stockholders to think of the company as a progressive, safe place to invest their money. When the desired image is determined, all the company's communications efforts can be focused upon achieving it.

**Personal Selling Objectives:** These objectives are perhaps, the easiest to relate to sales volume, expenses, and profits. Although personal selling can be used for many purposes—such as overcoming objections, closing sales, creating interest, and so on—specific quantitative objectives can be set for the sales force that are subject to measurement. Four types of personal selling objectives may be set: These objectives must be in agreement with and help to attain overall marketing objectives.

The sales-volume objective, or quota, is often the only sales-force objective established. There is usually an overall sales quota for the company, which is broken down into



regions, divisions, districts, and finally to the salesman's territory. The sales quota states in units or dollars the volume that management believes can be sold by a salesman may have a sales-volume objective of \$500,000 in his territory on a particular product. The sum of the sales-volume quotas for the territories in a district will equal the sales-volume objective on that product for the district. Likewise, the total of the sales-volume quotas for each district will be the sales-volume objective for the region, and the sum of the totals for each region will yield the overall company sales-volume objective. Sales-volume objectives may be set for individual products, groups of products, individual salesmen, types of customers, and the like.

Profit objectives are often established for each salesmen, customer type, sales territory, and product for the planning period. Sales cost accounting is used to determine whether these profit objectives are met. Experience with profit objectives has shown that the salesmen with the largest sales volume is not necessary the most profitable salesman.

A large number of sales organizations set expense objectives to control the direct-selling expenses of salesmen. Salesmen's compensation, travel, lodging, entertainment, and incidental expenses are used to set expense objectives for individual territories, districts, and regions. These expense objectives may be set as a percentage of total sales, by customer, by call, or by order. For example, a sales-expense objective may be for a salesman not to exceed a certain percentage of the net sales in his territory during the coming year.

Sales-activity objectives may be determined for salesmen on such things as number of new prospects to be called upon, number of displays to be set up, number of calls to be made, number of sales interviews to be secured, and so on. These objectives may be set for a daily, weekly, monthly, or some other time period. The company should first determine through research the relation between effective selling and the different activities that go to make up a salesman's day.

**Sales Promotion Objectives:** Sales promotions should be planned toward accomplishing specific objectives. Again, the foundation for sales promotion objectives is the marketing objectives of the firm. Some examples of sales promotion objectives for a product might be to get retailers to handle a product and promote it actively, to introduce a product to a specific promotion target or to a new marketing area, to induce consumers to try a product, or to support a product caught up in a competitive situation. Since sales promotion is used at both distributor and consumer levels, a wide range of objectives is possible.

Promotion tools are somewhat interchangeable, and not all tools have to be used in any promotion mix. For example, mail-order firms may depend exclusively upon advertising, door-to-door sales organizations may restrict themselves to personal selling, and new, undercapitalized producers may use only publicity to secure initial orders.

However, no single promotion tool is customarily used as the entire promotion mix. Most companies use a combination of promotion tools and attempt to weave their strengths into a strong promotion program in a manner designed to offset their weakness. The peculiar combination of promotion tools used and the relative amounts of promotion dollars spent on each is called the *promotion mix* for a product or service.

#### **4.0 CONCLUSION**

No one promotion tool is better, per se, than any other. The promotion tool or tools that are to dominate the promotion mix depend upon a number of environmental and cost factors, company and marketing objectives, and the preference of the marketing manager.

#### **5.0 SUMMARY**

In this unit, you have learnt that:

describe tools of promotion  
appreciate the objectives for Specific Promotion Tools

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is the · describe tools of promotion
2. Enumerate the objectives for Specific Promotion Tools ?

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## **UNIT 4    ADVERTISING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning of Advertising
  - 3.2 Basic Concepts of Advertising
  - 3.3 Role of Advertising
  - 3.4 Types of Advertising
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### **1.0 INTRODUCTION**

Meaning of Advertising, Basic Concepts of Advertising, Role of Advertising, Types of Advertising, Methods of Advertising, Advertising Media, Merits and Demerits of Advertising, Advertising Agencies.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- develop a strategic awareness of
- appreciate the elements of
- understand the concept of
- be able to impart such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Meaning of Advertising**

Advertising can be defined as any paid form of non-personal communication which is directed to the customers of target audience through various media in order to present and

promote products, service and ideas. It is a branch of commerce which is used to create awareness for a particular product and it must be paid for.

Advertising informs, educates and persuades people to buy the advertised goods and services.

### **3.2 Basic Concepts of Advertising**

The following are basic concept in advertising:

**Theme:** This is the essential message the advertiser wishes to communicate.

**Target:** This refers to the target audience i.e. people the advertisement is aimed at.

**Advertising Medium:** This is the medium which the message is passed e.g. radio, television, newspaper etc.

**Frequency:** This is the number of time an advert is delivered.

**Reach:** This is refers to the size of the audience that has seen or heard the advert.

### **3.3 Role of Advertising**

#### **To introduce new product**

One of the roles of advertising is to inform customers about the existence of new products in the market i.e. creation of awareness.

#### **To persuade customer to buy**

Advertising helps in arousing the customers' interest and by so doing persuade them to buy the product.

#### **Creation of demand**

Advertising stimulates demand by constantly reminding potential consumers about the availability of the product in the market.

#### **To educate the people on the uses of a product**

It educates consumers on the usage of the product and the benefits to be derived.

#### **It Promotes the Images of the Firm**

Advertising builds a corporate image for a company.

**It Increases the Firm's Turnover**

Advertising facilitates sales for a firm, and as a result the turnover and profit of a business may be enhanced.

**Development of Large Markets**

Advertising creates large market segment which leads to the development of larger markets.

**Provision of technical information about a product**

Advertising provides information that is needed by the consumers. Such information as quality, price changes and special offers are provided by advertising.

**It helps to improve the quality of goods**

Research can be embarked upon to improve quality of products in order to outplay competitors i.e. healthy competition can help to improve the quality of products.

**To create brand loyalty**

The Demand of the customers can be maintained by constantly arousing their interest on a particular product and this will ultimately create brand loyalty.

**Types of advertising****Informative advertising**

This is a kind of advertising which aimed at disseminating information that will let consumers know that goods and services are available. Informative advertising informs the public about the existence of a product. It also assists the customers to choose between alternative on offer. It supplies information which are useful to the consumers by calling their attention to a particular product. It also gives information about the benefits and uses of a product.

Informative advertising is good for introducing new products or job vacancies.

**Persuasive advertising**

This is a type of advertising which tries to persuade customers to buy a particular brand of a product as being different from other brands. Persuasive advertising which is emotional in nature is used to induce or arouse consumers' interest in order to persuade

them to buy a particular product. It sometimes lay emphasis on the distinctive characteristics of a product and appeals to people to buy and use a particular products e.g. medicine, cosmetics etc.

### **Competitive advertising**

This is a type of advertising which is aimed at persuading customers to buy one brand of product in preference to another brand by another producer. It tries to woo customers to consume a product at the expense of another. Competitive advertising is good for products with close substitutes and it is associated with clear cut competition. It emphasized on the fact that product is far better than another in terms of quality e.g. 7up and Coke.

### **Mass and specific advertising**

This is a type of advertising in which manufacturers of similar products or same commodity come together to jointly advertise their products to the consuming public. They will not lay emphasis on or mention a particular product brand. The major reason is to reduce the cost and advertising. Specific advertising provides information specially on some lines of goods or a particular brand which is unique in nature.

### **Methods of advertising**

#### **Direct advertising**

Direct advertising is a method of advertising which is aimed at providing information to a section, target market segment or group of people with relatively similar needs. The market will be segmented and advertising will be directed to or targeted at a particular audience or group, e.g. youths, school, hospital etc. An advertisement on jeans for instance, must as a matter of professionalism is directed to the youths. This method gives direction to the advertising process to avoid wastage.

#### **Indirect advertising**

Indirect advertising is directed to the totality or generality of the consuming public. It is not aimed at providing information to a section or a group but to advertise goods and services consumed by all categories of people e.g. advertisement on bread, salt, sugar etc.

### **Advertising media**

Advertising media are means through which information concerning goods and services is conveyed to the audience, target market or the general public. The various advertising media available to advertising are:

The press (newspaper, magazines/journals and books)

Television

Radio

Cinema

Hoarding (Billboard)

Window display

Catalogues

Exhibitions and Trade fairs

Free samples

Direct mail advertising

Handbills/fliers

Others include Bell ringing, Car stickers, Neon Signs, T-Shirt, Caps, and Sign-post etc.

### **Merits and Demerits of Advertising**

Merits of advertising

*It helps to creating job opportunity*

Advertising creates job opportunities for people working with the advertising agencies and others.

*It provides information about features*

It helps the producer to explain the use, features and benefits of the product to the consumers.

*Reduction of cost*

The cost per unit of good will be reduced thereby consumers will pay less.

*Increase in profit*

Advertising increases the profitability of an organization.

*Higher Revenue*

The advertising firms also gain in terms of revenue.

*Provision of information about existence of goods*

Advertising provides information about the existence of a product.

*Improvement in quality of goods*

It helps in improving the quality of goods as a result of healthy competition.

*Increase in production*

Advertising can lead to increase in production as more goods will be demanded.

*Creation of awareness*

It helps in creating awareness for a product.

Demerits of advertising

*False and misleading*

Some advertisement may be false and misleading as they make exaggerated claims.

*It leads to monopoly*

Heavy advertising by a dominant supplier may restrict competition by preventing new entries to the market.

*High cost*

The high cost of advertising is passed on to the consumer in form of higher prices.

*Irrational appeal*

Advertising appeals mainly to the irrational motives in people.

*Buyers can buy unnecessarily*

Advertising encourages buyers to make unnecessary purchases.

*Encourages too many brand*

It can encourage too many brand names.

*Wasteful*

Advertising is wasteful in terms of resources.

*Unhealthy competition*

It can lead to unhealthy competition if an advertiser discredits the products of their rivals.

*Interference with consumers free choice*

It interferes with the free choice of consumers.

## **Advertising agencies**

Advertising agencies are specialists in the planning, creating and placing of advertisement in the media. The Agency functions between the advertiser and the media owner. There are many advertising agencies operating in Nigeria e.g. Lintas Nigeria Limited, Rosabel Advertising, Insight Communication etc.

According to the Association of Advertising Practitioners in Nigeria (AAPN), an agency is one which is able to offer client services, creative services, mechanical production and placing of advertisement. In other words, advertising agencies are independent organizations of creative and business people who specialize in the development and preparation of advertising plans, advertisement and other promotional tools.

## **Function of the advertising agency**

The agencies create advertising copy

They buy air time and media space for advert placement

The agencies advise clients on advertising strategies and the media to use

They collect market research.

They help to assist the advertiser in planning and executing its advertising programme.

An agency's art department lays out advertising copy.

## **4.0 CONCLUSION**

In this unit, you have been exposed to the concept of marketing, as well as the application of this concept in the agricultural sector.



## 5.0 SUMMARY

In this unit, you have learnt that:

- Marketing is the process of resource mobilization aimed at meeting the changing needs of the customer.
- The elements of marketing concept include needs, exchange, value, customers and markets.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. What is the relevance of the study of marketing to the society?
2. Mention the key concepts of marketing.
3. What questions does marketing try to provide answers?

## 7.0 REFERENCES/FURTHER READINGS

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## **UNIT 5 THE PURPOSES AND PLANNING OF ADVERTISING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The purposes of advertising
  - 3.2 Effects of advertising
  - 3.3 Planning advertisement
  - 3.4 Measuring the results of advertisements
  - 3.5 Factors Affecting Choice of Media
  - 3.6 Consumer Protection in Advertising
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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### **1.0 INTRODUCTION**

In unit 4 we discussed the meaning of Advertising, Basic Concepts of Advertising, Role of Advertising, Types of Advertising, Methods of Advertising, Advertising Media, Merits and Demerits of Advertising, and identified the Advertising Agencies. In this unit we shall examine the purposes of advertising, effects of advertising, planning advertisement, measuring the results of advertisements, factors Affecting Choice of Media and describe consumer Protection in Advertising.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- understand the purposes of advertising
- described the effects of advertising
- identify the Planning advertisement
- explain measuring the results of advertisements
- explain the factors Affecting Choice of Media
- describe consumer Protection in Advertising.

### **3.0 MAIN CONTENT**

#### **3.1 The Purposes of Advertising**

Advertising has many purposes, depending on the type of the business and the kind of products and services promoted. For example, a manufacturer's advertising is designed to stimulate interest and increase sales in the line of merchandise. A service firm's advert is intended both to inform consumers of the various services the firm provides and to encourage consumers to use them.

As the purpose of attitude advertising is spread out over an extended period of time, the measurement of results can be more leisurely. Some attitude advertising – such as a series of adverts about the brands which the store carries - can be measured at the end of 1 month from the appearance of the adverts or at the end of a campaign.

Whether you are trying to measure immediate response or attitude advertising, your success will depend on how well the adverts have been planned. The trick is to work out points against which you can check after customers have seen or heard the advertisement.

#### **3.2 Effects of Advertising**

Essentially, measuring effects means comparing sales with advertising. In order to do it you have to start early in the process before you even make up the advertisement.

In thinking about the kinds of result to expect, it is helpful to divide advertising into two basic kinds: immediate response advertising and attitude advertising.

Immediate response advertising is designed to cause the potential customer to buy a particular product from you within a short time. Today, tomorrow, the weekend or next week. An example of such decision-triggering adverts is one that promotes regular price merchandise with immediate appeal. Other examples are adverts which use price appeals in combination. With clearance sales, special purchases, seasonal items (for example, Xmas sales, Easter sales, etc), and “family of items” purchases.

Such advertising should be checked for results daily or at the end of 1 week from appearance, because all advertising has some carry-over effects, it is a good idea to check also at the end of 2 weeks from appearances, 3 week from appearances, and so on to ensure that no opportunity for using profit-making messages is lost.

Attitude advertising is the type you use to keep your store's name and merchandise before the public. Some people think of this type as “image-building” advertising. With it, you remind people week after week about your regular merchandise or services or team them about new or special services or policies. Such advertising should create in the

minds of your customers the attitude you want them to have about your store, its merchandise, its service and its policies. It is your reputation builder. To some degree, all advertising should be attitude advertising.

Attitude (or image-building) advertising is harder to measure than immediate response advertising because you cannot always attribute a specific sales to it. Its sales are usually created long after the advert has appeared and are triggered by the customers sometimes after having seen the advert. However, you should keep in mind that there is a lead time relationship in such advertising. For example, an advert or a series of adverts that announces you have the exclusive franchise for a particular band probably starts to pay off when you begin to get customers who want that brand only and ask no questions about competing brands.

In short, attitude advertising message lingers in the minds of those who have some contact with the advert. These messages sooner or later are used by people when they decide that they will make a certain purchase.

### **3.3 Planning Advertisement**

Certain things are basic to planning advertisements whose results can be measured. First of all, advertise products or services that have merit themselves. Unless a product or services is good, few customers will make repeat purchases no matter how much advertising the store does.

Many people will not make an initial purchase of a shoddy item because of doubt or unfavourable word of mouth publicity. The advert that successfully sells inferior merchandise usually loses customers in the long run.

Small marketers, as a rule, should treat their messages seriously. Humour is risky as well as difficult to write. Be on the safe side and tell people the facts about your merchandise and services.

Another basic element in planning advertisements is to know exactly what you wish a particular advert to accomplish. In an immediate response advert, you want customers to come in and buy a certain item or items in the next several days. In attitude advertising, you decide what attitude you are trying to create and plan each individual advert to that end. In a small operations, the adverts usually feature merchandise rather than store policies.

Places the advert around only one idea. Each should have a single message. If the message needs reinforcing with other ideas, keep them in the background. If you have several important things to say, use a different and for each one and run the ads on succeeding days or weeks.

The pointers which follow are designed to help you plan adverts so they will make your store stand out consistently when people read or hear about it.

Identify your store fully and clearly, logo-types or signatures in printed adverts should be clean-lined, uncluttered, and prominently displayed. Give your address and telephone number. Radio and television announcements to identify your sponsorship should be full and as frequent as possible without interfering with the message.

Pick illustrations which are all similar in character. Graphics that is, drawing, photos, borders, and layout-that are similar in character help people to recognize your advertising immediately.

Pick a printing typeface and stick to it. Using the same type face or the same audio format on radio or television helps people to recognize your adverts. Also using the same sort of type and illustrations in all adverts allows you to concentrate on the message when examining changes in response to adverts.

Make copy easy to read. The printed message should be broken up with white spaces to allow the reader to see the lines quickly.

Use coupons for direct mail advertising response as often as possible. Coupons give an immediate sales check. Key the coupons in some manner so that you can measure the response easily.

Get the audience's attention in the first 5 seconds of the radio and TV commercial. Also, get your main message in the sentence if possible.

### **3.4 Measuring the Results of Advertisements**

In weighing the results of your immediate response advertisements, the following devices should be helpful.

Coupons brought in. Usually these coupons represent sales of the products. When the coupon represents requests for additional information or contact with a salesman, were enough leads obtained to pay for the ad? If the coupons are dated, you can determine the number of returns for the first, second, and third weeks.

Requests by phone or letter referring to the advert. A "hidden offer" can cause people to call or write. Include for examples, in the middle of a paragraph, a statement that on request the product or additional information will be supplied. Results should be checked over a 1-week through 6 months or 12months period because this type of advert may have considerable carry-over effect.

Spilt runs of newspaper. Prepare two ads (different in some ways you would like to test) and run them on the same day. Identify the adverts in the message or with a coded coupon so you can tell them apart. Ask customers to bring in the ad or coupon. When you place the advert, ask the newspaper to give you a spilt run that is: to print “advert A” in part of its press run and “advert B” in the rest of the run. Count the responses to each adverts.

Sales made of particular item. If the advert is on a bargain or limited-time offer, you can consider that sales at the end of 1 week, 2 weeks, 3 weeks, and 4 weeks came from the advert. You may need to make a judgment as to how many sales came from display and personal selling.

Check store traffic. An important function of advertising is to build store traffic which results in purchases of items that are not advertised. Pilot studies show, for example, that many customers who are brought to the store by an advert for a blouse also bought a hand bag. Some bought the bag in addition to the blouse, others instead of the blouse.

When advertising is spread out over a selling season or several seasons, part of the measurement job is keeping record. Your main aim is comparing records of adverts and sales for an extended time.

In attitude (or image-building) advertising, the individual ads are building blocks, so to speak, which make up your advertising over a selling season. The problem is trying to measure each advert and the effects of all the adverts taken together.

One approach is making your comparisons on a weekly basis. If you run an advert, for example, each week, at the end of the first week after the ad appears, compare that week’s sales with sales for the same week a year ago. At the end of the second week, compare your sales with those of the first week as well as year-ago figures.

At the end of the third week, 1 month, 3 months, 6 months, and 12 months from the appearance of the advert, repeat the process even though additional adverts may have appeared in the meantime. For each of these adverts you will also make the same type of comparisons. You will, of course, be measuring the “momentum” of all of your adverts as well as the results of a single advert.

After a time, you probably will be able to estimate how much of the results are due to the individual ad and how much to the momentum of all of your advertising. You may then make changes in specific details of the ad to increase response.

When comparing sales increase over some preceding period, allowances must be made for situations that are not normal. For example, your experience may be that rain on the

day an ad appears cuts its pulling power by 50 percent. Similarly, advertising response will be affected by the fact that your customers work in a facility that is out on strike.

Factors affecting choice of media.

### **Coverage or extent of circulation**

This refers to the number of people reached by the medium i.e. percentage of a given market covered.

#### *Frequency*

This refers to the number of times the same viewers or reader may be exposed to the same advert.

#### *Communication Effectiveness*

This refers to the ability of a medium to deliver the impact as desired by the advertiser to the target market.

#### *The Target Audience*

The type refers to social group to which an advertisement is directed and their purchasing power must be taken into consideration.

#### *Cost*

The cost of using a particular medium will determine the one to be chosen by the advertiser.

#### *Flexibility of a Medium*

This refers to the number of different things the advertiser can do using the same medium e.g. direct mail allows the enclosure of money, coupons, pencils, etc.

#### *Nature of the Goods*

The nature of the products will determine the choice of media to be used for advertising.

#### *Geographical Selectivity*

This is the ability of the medium to reach out to homes in specific geographical areas such as villages and hamlets.

### *The Media used by Competitors*

The media used by manufacturers of competing products must be carefully considered before making a choice of medium.

#### Consumer Protection in Advertising

Advertising is subject to restrictions in various media in order to protect the consumers.

Some voluntary and statutory system of control can be applied. These are:

### *Code of Advertising Practice*

The code must be accepted by all organizations operating advertising media e.g. press, cinema etc. The code states that no advertisement contravening it will be accepted. The advertising code covers the following:

Public decency;  
Exploitation of superstition;  
Misleading description and claims.

### *Establishment of Advertisement Council of Nigeria*

This is an industry wide body concerned with the overall regulation and proper conduct of advertising in Nigeria. The AAPN is a member of the council.

### *Establishment of Professional Group*

The Association of Advertising Practitioners in Nigeria (AAPN) was established to regulate the practice of advertising. A code of conduct for members and a code of standards relating to the advertisement of medicine and treatment have been developed and put in place for practitioners.

### *Statutory Control*

There are many acts of parliament restricting or controlling particular aspect of advertising. Some of the laws affecting advertising are:

Trade Description Act 1968  
Sales of Goods Act 1893  
Indecent Advertisement Act 1889  
Copyright Act 1956  
Obscene Publication Act 1950  
Advertisement Act 1978

These acts enacted to protect the consumers.



### *Consumer Education*

In order to protect the consumer against misleading advertisement, they must be well educated about the choice of goods and services as well as their rights. This is the reason for the formation of a consumer association.

### *Television Act 1954*

This Act attempted to establish control over advertising in such a way that advertisements would be inspected before they are shown to the public.

## **4.0 CONCLUSION**

In fact, advertising should be considered an investment rather than an expense. Owners should realize the value of advertising and that advertising on a regular basis will materially increase the possibility for growth of the firm in the highly competitive business environment, a well-planted advertising strategy is one of the most effective means of increasing sales.

## **5.0 SUMMARY**

In this unit, you have learnt that:· purposes of advertising, described the effects of advertising, identified the Planning advertisement, explained measuring the results of advertisements and the factors Affecting Choice of Media and finally describe consumer Protection in Advertising

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What are the purposes of advertising?
2. What are the effects of advertising in promotion
3. Discuss how to plan advertisement and measuring the results of advertisements
4. List and explain the factors Affecting Choice of Media  
discuss consumer Protection in Advertising?

## **7.0 REFERENCES/FURTHER READINGS**

Brown, O.S. (1995). *Post-modern Marketing*, London: Routledge.

Gronroos, C. (1989). 'Defining Marketing: A Market-Oriented Approach'. *European Journal of Marketing*, 23, 1, pp. 52-60.

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## MODULE 2

Unit 1	Promotion Strategy
Unit 2	The Place of Promotion In The Marketing Mix
Unit 3	Controllable Factors Affecting the Promotion Mix
Unit 4	Controllable Factors Affecting the Promotion Mix
Unit 5	Uncontrollable Factors Affecting the Promotion

### UNIT 1 PROMOTION STRATEGY

#### CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Promotion Strategy
3.2	Types of Strategy
3.3	Push Strategy
3.3.1	Conditions under which Wholesalers are Important to Promotion Strategy
3.3.2	Pull Strategy
3.4	Conditions under which Retailers are Important to Promotion Strategy
3.5	Role of Wholesalers in Promotion Strategy
3.6	Role of Retailers in Promotion Strategy
3.7	Push and Pull Promotion Strategies and their Effects on Resellers
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Readings

#### 1.0 INTRODUCTION

Marketing is essentially a concept that is applied to marshal the resources of an organization to meet the challenging needs of customers on whom the organization depends. Thus, Strategy lays down the broad principles by which a company hopes to secure an advantage over competitors, exhibit attractiveness to buyers, and lead to a full exploitation of company resources and customers' needs are the focal point for all marketing activity. Organizations therefore try to identify these needs and develop products that satisfy customers' needs through an exchange process.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- understand the promotion strategy
- described the types of strategy
- identify the Conditions under which wholesalers are important to promotion strategy
- Conditions under which retailers are important to promotion strategy
- explain the Role of wholesalers in promotion strategy
- explain the Role of retailers in promotion strategy
- describe Push and pull promotion strategies and their effects on resellers

## 3.0 MAIN CONTENT

### 3.1 Promotion Strategy

The objectives of a company indicate where it wants to be; the strategy sets forth the way it is to get there. In promotion, a major distinction is made between “push” and “pull” strategies. This distinction is based upon the relative emphasis placed upon mass promotion (primarily advertising) as compared to that on personal promotion (mainly personal selling).

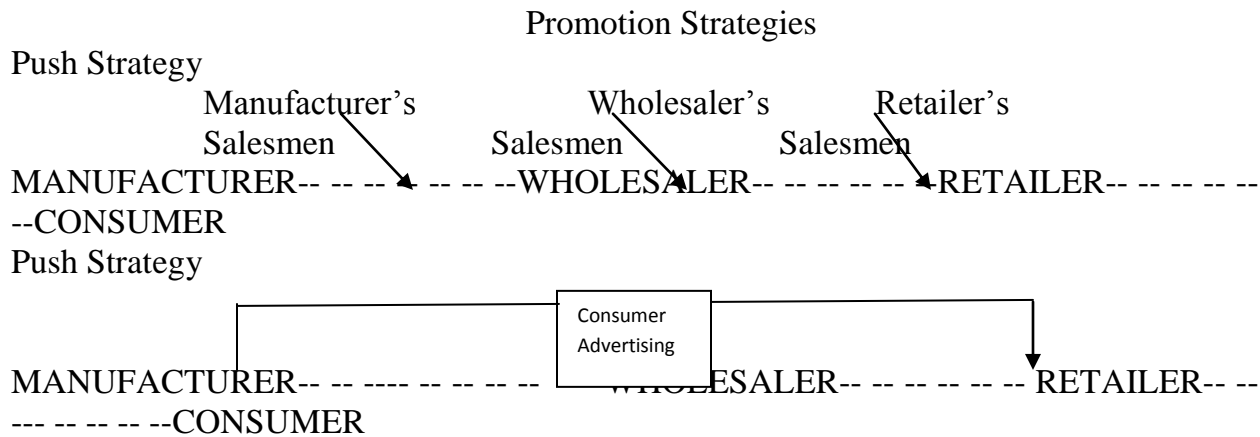
### 3.2 Types of Strategy

### 3.3 Push Strategy

A push strategy, sometimes called a “pressure strategy,” places heavy emphasis upon personal selling at all stages of the marketing channel. Sales-men explain product feature and benefits and press for a favorable buying decision. In diagrammatic form, as shown in Figure 6-2, manufacturers’ salesmen call upon wholesalers, wholesale salesmen call upon retailers, and retail salesmen aggressively sell to consumers. In this way, the product is forced, or pressured, through the marketing channel. Push strategies are often used in selling industrial goods as well as consumer products that require personal selling efforts.

In order to use the push strategy successfully, the manufacturer must (1) have a high-quality product with unique product features and talking points for salesmen, (2) have a relatively high-priced product, and (3) provide sufficient economic incentives to both middlemen and their salesmen. The presence of these factors suggests and encourages the use of the push strategy. A high-quality product with unique product features and talking points is necessary because the salesman must attract and hold the prospective.

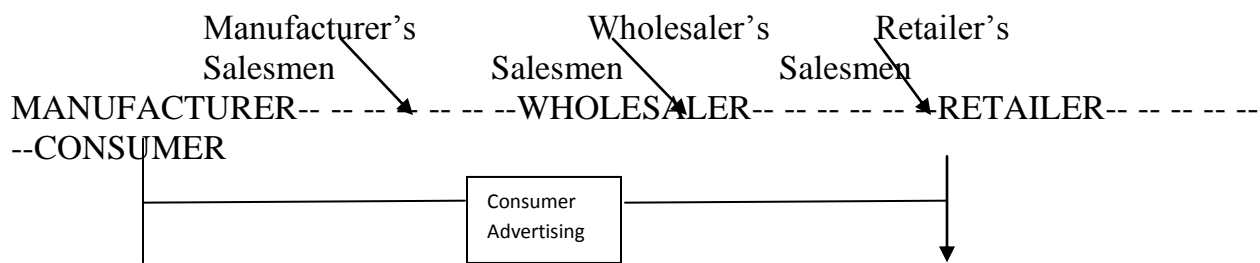
**FIGURE.**



**3.3.1 Push-Pull Strategy**

Most consumer goods manufacturers use a push-pull (or combination) strategy to sell their products, with the difference between firms being the ratio of push to pull. As the name suggests, salesmen are used to push the goods advertising program is conducted, as shown in Figure 6-2. This strategy requires extensive promotion expenditures and is usually available only to the largest companies.

Push strategies are high-priced and the product must be able to bear the expense. Push-Pull Strategy.



customer's attention and interest in order to secure a sale. Run-of-the-mill product features and benefits are often obvious to the customer, and he gives the salesman only a brief hearing. It is also helpful if the product requires a demonstration that will quickly catch the customer's undivided attention.

A high-priced product is necessary because middlemen must be given sufficiently large margins to justify the extra efforts spent on the product. Furthermore, salesmen's calls are expensive and require either a high-priced product (as in the case of Electrolux vacuum cleaners), or a broad line of merchandise with a sufficiently large average order size (as in the case of Fuller Brush).

Resellers normally expect a larger-than-normal margin on products they are expected to aggressively promote and sell. Furthermore, it is necessary to stimulate wholesale and retail salesmen by offering them extra incentives, such as “push money,” chances to win prizes in contests, or something else of value. Most wholesale and retail salesmen sell such a broad line of products that they must receive something extra in order to place sales emphasis on a particular manufacturer’s product.

Advertising plays a distinctly minor role when a push strategy is being used. The combination of high middlemen margins and heavy personal selling expenditures leaves little for advertising. However, small advertising expenditures may be made to create brand recognition or secure prospect leads for salesmen.

### **3.3.2 Pull Strategy**

A pull strategy, sometimes called a “suction strategy,” is just the opposite of a push strategy. Extensive advertising is used to generate consumer demand so that the consumer will ask the retailer for the product, the retailer the wholesaler, and the wholesaler will secure it from the manufacturer. In this manner, the product is pulled through the marketing channel by consumer demand generated by advertising, as shown in Figure 6-2. In general, middlemen are willing to stock the product, since the demand for it is established and little time or effort is needed to sell it.

Pull strategies are characterized by the heavy use of consumer advertising expenditures relative to personal selling expenditures. Salesmen become order takers rather than order generators and do not have to be paid as highly. There is less emphasis on personal selling at all stages of the marketing channel, and middlemen are willing to accept lower trade margins, since little time and expense are spent in selling the product. Retail prices, tend to be relatively low, but this is made up for by the higher turnover rates. Small companies seldom depend primarily on the pull strategy, because of its heavy emphasis on consumer advertising and the large investment required.

## **3.4 Conditions under which Wholesalers are Important to Promotion Strategy**

Wholesalers can perform many functions of importance to the promotion strategy of a manufacturer. They provide a ready-made sales organization capable of contacting and servicing retailers in their areas. Although wholesale salesmen do not commonly sell aggressively and are slow in introducing a new product line, they can economically sell to many small retailers that the manufacturer cannot afford to contact with his own salespeople. Wholesalers often provide credit to their retailers and are in a better position to assess local credit risks than the manufacturer. Wholesalers buy in large quantities and break these down into smaller quantities for sale to their retailers (break bulk). They reduce the amount of inventory a manufacturer must carry and can serve as the “eyes and

ears” of the manufacturer in the local market, to keep him aware of important happenings there.

### **3.5 Conditions under which Retailers are Important to Promotion Strategy**

The roles assigned to resellers in a firm’s promotion strategy reflect six factors: (1) consumer buying habits, (2) nature of the product, (3) amount of control wanted by the manufacturer, (4) availability of resellers, (5) reseller credibility, and (6) competitive practices.

### **3.6 Role of Wholesalers in Promotion Strategy**

Wholesalers depend upon repeat sales to stay in business. Although personal selling is by far the most important promotion tool used, wholesalers who sell an extensive line cannot aggressively sell every line or product handled. Wholesale salespeople try to be able advisors to retailers so that they become trusted sources for many products. Most aggressive selling is limited to lines for which the wholesaler has the exclusive franchise or on the wholesaler’s own private brands.

Although personal selling plays the dominant role in wholesaler promotion, the sales promotion, the sales promotion device of sampling is widely used. This may involve full-sized samples for retailer examination or samples of products that are consumed in the demonstration process. For example, food retailers are often given product samples by wholesale salesmen.

Publicity is scarcely used, since the wholesaler prefers to handle products with established demands, but advertising programs may be carried on, although they tend to be simple and limited to direct mail and trade-paper advertising of an institutional nature, unless the wholesaler is promoting his own private brands. In general, aside from personal selling efforts, wholesalers do little promotion.

### **3.7 Role of Retailers in Promotion Strategy**

Retailers concentrate on promotions that bring direct sales results. Local advertising of the merchandise carried, sales events, and services are important. Personal selling, although declining in importance, is still widely used in shopping-goods outlets. Publicity for special sales, shopping-center promotions, and special days such as anniversaries, is widely sought. Sales promotions such as special displays, sales events, sewing classes, babysitting services and so on, are used extensively. If given the proper incentives, retailers will tie in with manufacturer advertising, cooperate with manufacturer-sponsored sales promotions, engage in POP display, participate in cooperative advertising programs, and follow up leads developed through consumer advertising.

### **3.8 Push and Pull Promotion Strategies and Their Effects on Resellers**

A push strategy assigns major responsibilities for promotion to resellers; under the pull strategy, the manufacturer assumes major responsibility for promotion and places minimum reliance upon resellers. The manufacturer should determine in advance what roles of resellers are to be under his selected promotion strategy.

In order to make a push strategy effective, the manufacturer must provide resellers with monetary incentives, such as high trade discounts and the possibility of high profits, in order to compensate them for additional effort. In addition, he must be willing to offset some of the costs of promotion by such means as cooperative advertising, buying allowances, and trade deals. Push strategies are supported better by resellers when they have selective or exclusive distributorships.

In contrast, when the manufacturer uses a pull strategy, he places little dependence upon resellers for promotional support. By creating strong consumer demand, mainly through consumer advertising, the manufacturer pulls the product through the distribution channel while providing only minimum margins for resellers. The reseller's job is viewed as physical distribution, and all the manufacturer expects to get from his resellers is availability at the retail level. He does not expect nor will he receive much reseller promotion support. For instance, supermarkets carry laundry detergents at very small gross margins in order to satisfy customer demand, but they do little, if any, promotion of these products.

## **4.0 CONCLUSION**

In this unit, you have been exposed to the

## **5.0 SUMMARY**

In this unit, you have learnt that: the promotion strategy, described the types of strategy, identified the Conditions under which wholesalers are important to promotion strategy, Conditions under which retailers are important to promotion strategy, explained the Role of wholesalers in promotion strategy and the Role of retailers in promotion strategy, described Push and pull promotion strategies and their effects on resellers and the promotion strategy and discussed the various types of strategy.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is the promotion strategy?
2. List and explain the various types of strategy?
3. Enumerate the Conditions under which wholesalers are important to promotion strategy?

4. What are the conditions under which retailers are important to promotion strategy?
5. Discuss the Role of wholesalers in promotion strategy and the Role of retailers in promotion strategy?
6. discuss Push and pull promotion strategies and their effects on resellers?

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## **UNIT 2 THE PLACE OF PROMOTION IN THE MARKETING MIX**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Place of Promotion in the Marketing Mix
  - 3.2 The Promotion Mix
  - 3.3 Promotion to Wholesalers
  - 3.4 Promoting to Retailers
  - 3.5 Determinants of Promotional Roles Assigned to Resellers
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

The promotion mix is designed to inform and persuade customers and potential customers of the merits of the product or service. It can place primary stress on any one of the promotion tools and relegate the others to minor roles. For example, in promoting installations goods, such as promotion machinery, to a manufacturer, heavy expenditures may be made on personal selling, while relegating advertising, publicity, and sales promotion receive only token sums. Marketing is a discipline that is often misunderstood. Some people equate it with promotion, while others view it as a tool designed to ‘sell things that people don’t really want’. However, this misconception is changing, driven by contemporary business dynamics that recognize the strategic nature of marketing.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- appreciate the place of promotion in the marketing mix
- understand the concept of the promotion mix
- describe promotion to wholesalers
- explain promoting to retailers
- illustrate determinants of promotional roles assigned to resellers

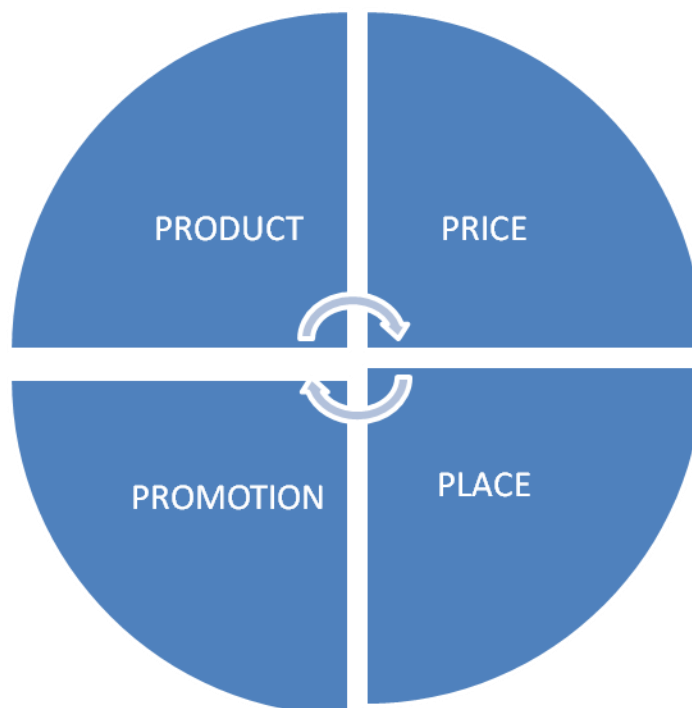
### 3.0 MAIN CONTENT

#### 3.1 The Place of Promotion in the Marketing Mix

Promotion is only basic element of the marketing mix. In contrast, the product packaged, price, promotion of service and goods are in the consumer market, advertising usually supplies the major promotion thrust, while other promotion tools assume secondary importance.

Other important parts are product, price, and place, as shown in Figure 5-1. The marketing mix for a product or service is created by blending controllable marketing factors into an integrated program for a particular period of time in order to secure company goals through satisfying consumer needs and wants.

**FIGURE 5-1:** Four Basic Parts of the Marketing Mix



The four basic parts of the the marketing mix are interrelated, and all revolve around the potential consumer's satisfaction as a focal point, as can be seen in Figure 1-2. Each of these four basic parts is actually itself a mix, although subordinate to the total marketing mix. Thus, we can speak of a product mix, place mix, price mix, and promotion mix. Each of these mixes must be properly coordinated and balanced to achieve an optimum marketing mix. Decisions on the promotion mix will influence the other elements of the marketing mix, and vice versa. They are interdependent and are geared to achieve stated marketing objectives. Likewise, consumer packaged goods sold to the mass market

normally depend upon advertising for the major promotion thrust, while personal selling, publicity, and sales promotion assume secondary roles.

The marketing manager must make rational decisions on these mixes in regard to a particular product or service.

### 3.2 The Promotion Mix

Products are sold to consumers, middlemen, or industrial buyers. Consumers buy for personal consumption; middlemen for resale; and industrial buyers purchase products either to incorporate into their own product for eventual resale to others, or to help run their businesses. The market for goods and services is often divided into the consumer market and the industrial market. Table 16-3 indicates the relative importance of different marketing communications elements to the producers of industrial and consumer goods.

**TABLE 5.1:** Relative Importance of the Elements of Marketing Communications

	<b>Industrial goods</b>	<b>Producers of: consumer durables</b>	<b>Consumer nondurables</b>
Sales management and personal selling	69.2%	47.6%	38.1%
Broadcast media advertising	.9	10.7	20.9
Printed media advertising	12.5	16.1	14.8
Special promotional activities (trade shows, warranties, dealer aids, etc.)	9.6	15.5	15.5
Branding and promotional packaging	4.5	9.5	9.8
Other	3.3	.6	.9
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

#### Note

The data are the average point allocations of 336 industrial, 52 consumer durable, and 88 consumer nondurable goods producers. Nine responses are excluded because of point allocations which did not equal 100.

**Source:** John G. Udell, "The Perceived Importance of the Elements of Strategy," *Journal of Marketing*, Vol. XXX11, No. 1 (January 1968), 38.

The characteristics of each market help determine the types of promotion that will be most effective. The consumer market contains a large number of buyers who are widely scattered; consumer products are commonly nontechnical and standardized, and require little servicing and little help in buying; training or education on products is not expected; and the dollar amount of the sale is small. These factors strongly suggest the use of advertising as the major promotion tool, while personal selling may be useful in contacting middlemen.

In comparison with the consumer market, the industrial market has a small number of buyers who are geographically concentrated; industrial products are commonly technical, are made to order, and require servicing and help in buying; training or education on products is expected; and the dollar amount of the sale is large. These characteristics indicate the use of personal selling as the major promotion tool, while mass promotion tools assume secondary importance.

Thus, advertising is the most important promotion tool in consumer marketing, whereas personal selling assumes this role in industrial marketing. Sales promotion and publicity are normally thought to be of equal importance in both markets.<sup>1</sup> However, in specific instances, these generalizations will not hold true. Some companies have become highly successful by adopting unorthodox promotion mixes, especially in the consumer market.

Fuller Brush and Jewel Tea are examples.

### **3.3 Promotion to Wholesalers**

The small number of wholesalers and their concentration in major distribution centers makes it economically feasible for manufacturers to emphasize personal selling. Wholesalers are highly interested in demand and cost aspects of the sales proposition and want to know the promotion programs the manufacturer intends to aim at retailers and ultimate consumers. Trade advertising, sales promotion activities, and publicity on new products are important, but salespeople can answer questions, adjust the offering to meet competitive conditions in various geographical areas, and create goodwill and understanding. Consumer advertising in prestigious national media vehicles may also be of importance to the wholesaler as he attempts to judge the demand for the product or brand in his territory. Case histories of other wholesalers who have successfully handled the product are likely to be of great importance in removing much of the perceived risk in taking on a new product or product line.

### **3.4 Promoting to Retailers**

Personal selling is the major promotion tool used to inform and persuade retailers to stock and display the product. Retailers need to have a myriad of questions answered, such as the price and mark-up allowed by the manufacturer and the promotional assistance he

will provide. The part the retailer is expected to perform should also be carefully explained. Advertising in trade magazines is important in generating retailer inquiries to be followed up by salespeople. Sales promotion activities such as trade deals and contests may also prove helpful in making initial sales. Mass consumer advertising to build brand preference, and heavy publicity support of new products, are often persuasive. As in the case of wholesalers, the retailer's trust and confidence in the manufacturer need to be built and maintained if a mutually profitable relationship is to endure.

### **3.5 Determinants of Promotional Roles Assigned to Resellers**

The roles assigned to resellers in a firm's promotion strategy reflect six factors: (1) consumer buying habits, (2) nature of the product, (3) amount of control wanted by the manufacturer, (4) availability of resellers, (5) reseller credibility, and (6) competitive practices. Let us examine the effects of each of these on the manufacturer's promotion strategy.

#### **CONSUMER BUYING HABITS**

This is the most important factor in designing a marketing channel. Consumers expect to find products at various types of retail outlets and at varying intensities of distribution. Convenience goods are expected to be stocked in every logical, possible outlet, as consumers wish to buy these with the least possible effort and will not shop. Consumers will shop for shopping goods (fashion and service goods) and wish to have a choice of colors, prices, styles, services, and so on, so these products can be distributed on a selective rather than an intensive basis. Specialty products can be sold on a selective or exclusive basis, as consumers are brand insistent, will search out the retail outlet, and will buy with little or no comparison of alternative products.

#### **NATURE OF THE PRODUCT**

The physical characteristics of the product and the way it is bought and used by consumer help to determine the importance of each of the marketing functions. For example, a retailer may need to offer sewing lessons in order to move sewing machines, and surely will offer delivery and installation on the purchase of service goods such as refrigerators and television sets. Some products are sold self-service by retailers, and their involvement in the manufacturer's promotion program is minimal.

#### **AMOUNT OF CONTROL WANTED BY THE MANUFACTURER**

The manufacturer may want to have tight control over the marketing channel and relationships with the ultimate consumer, especially when he is protecting a quality brand name on a high-ticket item. In such a case, he is likely to use selective or exclusive distribution policies and attempt to carefully control reseller promotions, prices, services,

and so on, as in the automobile industry. On the other hand, manufacturers may be willing to release responsibility and control for channel functions to resellers when selling an unbranded product or one that is low in price. This is commonly the case with convenience goods, such as packaged goods found in most grocery supermarkets.

### **AVAILABILITY OF RESELLERS**

At times, a manufacturer may find he has a very limited choice of resellers in a particular market because the existing distribution channels are almost completely controlled by competition. In such a case, he can establish new channels of distribution or perform any necessary wholesale and/or retail functions himself. It should be recognized here that the manufacturer does not necessarily use the same channel of distribution to enter each geographical market. For example, gasoline manufacturers sell through their own bulk-tank stations (wholesalers) to company-owned service stations in some markets, while working entirely through independent wholesalers and service stations in other markets.

### **RESELLER CREDIBILITY**

Reseller credibility is important when the reseller assumes a major role and responsibility for promotion efforts in his market and when the customer depends to a high degree on his expertise in the product line. For example, authorized automobile dealers have higher credibility for repairs than independent garages; and jewellers are expected to know much more about jewellery than discount houses. Where reseller credibility is of importance in moving his product, the manufacturer should select middlemen with great care.

### **COMPETITIVE PRACTICES**

A manufacturer may wish to follow the competitive practices of his industry in designing his distribution channels and selecting resellers. Such practices have conditioned consumer buying habits to the point where consumers expect to have specific products carried by carried retailers who offer standard services. However, at times, a manufacturer can gain a significant competitive advantage by distributing his product in an unorthodox fashion. For example, plant food was sold almost entirely through garden-supply centers until Swift & Company gained a competitive advantage by distributing through food supermarkets. Likewise, Timex watches led the way in distributing inexpensive watches through drugstores rather than jewellery stores. Many manufacturers have found it to their advantage to distribute their products through discount houses rather than traditional department-store outlets.

## 4.0 CONCLUSION

The totality of decisions he makes regarding these mixes is known as the marketing mix for that product or service. An effective marketing mix will achieve company and marketing objectives and at the same time satisfy the needs and wants of customers.

## 5.0 SUMMARY

In this unit, you have learnt that: the place of promotion in the marketing mix, understood the concept of the promotion mix, described Promotion to Wholesalers, explained Promoting to Retailers and illustrate determinants of Promotional Roles Assigned to Resellers

## 6.0 TUTOR-MARKED ASSIGNMENT

1. What is the relevance of the place of promotion in the marketing mix?
2. Explain the concept of the promotion mix?
3. Describe Promotion to Wholesalers?
4. Explain Promoting to Retailers?
5. List and explain determinants of Promotional Roles Assigned to Resellers?

## 7.0 REFERENCES/FURTHER READINGS

Brown, O.S. (1995). *Post-modern Marketing*, London: Routledge.

Gronroos, C. (1989). 'Defining Marketing: A Market-Oriented Approach'. *European Journal of Marketing*, 23, 1, pp. 52-60.

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## **UNIT 3      CONTROLLABLE      FACTORS      AFFECTING      THE PROMOTION MIX**

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Controllable Factors Affecting the Promotion Mix
  - 3.2 Product
  - 3.3 Illustration of the Marketing Mix in Action (Product)
    - 3.3.1 Price
    - 3.3.2 Illustration of the Marketing Mix in Action (Price)
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last unit we discussed in details the place of promotion in the marketing mix, understood the concept of the promotion mix, described Promotion to Wholesalers, explained Promoting to Retailers and illustrate determinants of Promotional Roles Assigned to Resellers. In this unit we shall focus our discussion on controllable factors affecting the promotion mix and the resources of an organization to meet the challenging needs of customers on whom the organization depends.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- understand the Controllable factors affecting the promotion mix
- describe product give illustration of the marketing mix in action regarding product
- explain Price and give illustration of the marketing mix in action price

### **3.0 MAIN CONTENT**

#### **3.1 Controllable Factors Affecting the Promotion Mix**

The four main factors that are, at least partially, under the control of the marketing manager are product, price, place, and promotion. Product, price and place influence



promotion, and vice versa. The marketing manager should play a key role in determining these mixes, as is exemplified in the following discussion.

### **3.2 Product**

It is good policy to concentrate promotion effort those products that have been, or might be, readily accepted by the promotion target(s) the company is working. This is called “playing the winners” and involves the company’s placing major promotion effort on the items yielding the most sales volume and/or profit. The opposite policy, “playing the losers,” is not generally considered to be as effective. Products that have not been, or are unlikely to be, readily accepted by promotion targets usually do not become successful because of heavy promotional emphasis. Normally, there is a reason behind the non-acceptance of such products, and promotion tools work best when they are used to promote that are in harmony with consumer needs and wants.

Products are often classified into industrial goods (installations goods, accessory equipment, raw and processes materials, parts and subassemblies, and operating supplies) and consumer goods (convenience, shopping, and specialty goods). Generally, personal selling is used far more in a promotion mix designed to reach industrial customers than in one aimed at consumers.

Industrial buyers are usually much fewer in number, frequently concentrated geographically, and purchase larger amounts, both in quantity and in dollar amount, than consumers. Furthermore, industrial products are often technical in nature, and detailed explanations by salesmen are necessary. Industrial products may be unbranded, or brand names may be of little significance in their purchase. Under these conditions, personal selling is the major promotion tool used, since its high per-contact cost can be justified, although publicity and advertising may appear in the industrial press.

Mass selling through advertising is often used as the major promotional thrust by producers of consumer goods. Customers are often numerous and widely scattered. The quantity and dollar amount bought by a consumer is often too limited to justify personal-selling expenditures. Consumer goods are normally less technical and are often bought mostly on the basis of brand names. Personal selling is seldom necessary unless the product represents major consumer expenditure. Discount houses have proved that many consumer goods previously thought to require personal selling can be sold on a self-service basis.

The marketing manager should be brought in at start of the development of a new product. He can bring the marketing viewpoint into a new-product conference with production, finance, and technical people. By working with other major departments, the marketing manager can be in on new-product decisions, regarding such things as style, color, design, package, brand-name, warranties, and service. He can furnish valuable

feedback from salesmen, middlemen, market researchers, and others regarding market preferences, dealer attitudes, competitive offerings, and other information of value to a new product discussion.

### **3.3 Illustration of the Marketing Mix in Action (Product)**

In the development and marketing of a new product, marketing research is often necessary if the company is to use the “marketing concept” to guide its programs. In introducing its new Moment-matic camera to the amateur photography market, Emprint, Inc., illustrates the integration of product, price, place, and promotion into a market mix and the use of marketing research to answer some basic questions.

Emprint, Inc., has been producing and marketing a line of Moment-matic cameras for amateur photographers since 1955. There are currently six basic models of the Moment-matic for sale. Marketing research showed that a pocket-sized addition to the Moment-matic line should be profitable. The concept of a pocket-sized camera came from a study of amateur photographers’ wants. Of the 500 people interviewed, 22 percent indicated that a camera small enough to be carried easily in pocket or purse would be favored for vacation trips, in order to eliminate the need for carrying a camera in one’s hands or hooked to a shoulder strap. Since the amateur photography market was a \$3-billion market and Emprint, Inc., enjoyed a 10 percent market share, the sales potential for the new camera justified further investigation.

To conform to other Moment-matic cameras, any new addition to the line had to make the taking of snapshots a simple, almost foolproof procedure. The proper lens opening and shutter speed had to be set automatically by an inexpensive electronic device within each camera. Film loading had to be accomplished by dropping into place a film cartridge, which could be removed without any danger to the exposed film upon completion of the roll. The camera had to be able to be loaded and unloaded in direct sunlight.

A preliminary presentation was made to the product-planning committee (composed the production manager), and clearance was received to proceed with development work. At this time, the code name “Varga 1” was assigned to the project.

Product-development technicians proceeded with the necessary work under the corporation’s general philosophy that “a new product should be designed to help people secure the results than what technicians think they should have.” After considerable consumer research, product research, and product development, the product-planning committee was shown a prototype of the new camera, which could be described as follows: It was about the size of a pack of cigarettes and yet to retained all the basic features of the Moment-matic line. Since it was to be carried in pocket or purse, it had a

scratch-resistant lens and exterior and weighed only ten ounces. It used the same film as other cameras in the Moment-matic line.

The production manager reported that the Varga 1 could be mass-produced with a minimum investment in additional machinery. In production runs of 100,000 units, it could be manufactured at an estimated unit cost of \$8. The marketing manager stated that in consumer testing, the new camera was rated “very desirable” by amateur photographers. The finance manager assured the committee that adequate funds were available for producing and marketing the Varga 1.

A discussion ensued regarding the final name to be given the product. It was decided that the best alternatives were either a Moment-matic designation or a completely different name, such as “petite” or “midget”.

Brand name research was done with a sample of 500 amateur photographers. A number of names were presented, many of which were intentionally chosen to emphasize the small, compact nature of the new camera. In general, the research indicated that the name should be tied into the family brand name of Moment-matic, in order to take advantage of the goodwill enjoyed. Respondents chose the name “Mini-matic” far more than any of the other names tested. This name was approved by the product-planning committee, and it was decided to start production of the Mini-matic on January 15.

A sales target of 2 million units was established for the ten months remaining in the year, beginning March 1 when retailers would have stocks of the Mini-matic on hand. The gross-profit target was set at \$10 million for the period.

### **3.3.1 Price**

The pricing decisions a firm makes profoundly affect the promotion mix to be used on a particular product. A firm must set the basic price of a product high enough so that its sales will supply sufficient promotion dollars to make promotion feasible once the product has been introduced to the market. Operating on too small a margin may make the use of personal selling impractical. Contrariwise, if a sufficient quantity can be sold at a high enough price, promotion dollars will be available for a wide range of efforts.

Promotion discounts from basic price are used to get middlemen to promote the product. For example, a consumer packaged-goods manufacturer might give his wholesalers 1 percent of net purchases per month to promote the product. The wholesaler receives \$1,000 for promotion if his net purchases of the manufacturer’s product for last month were \$100,000. He can spend all, part, or none of this money to promote the manufacturer’s product. However, he will be fully reimbursed by the manufacturer for whatever he spends on promoting it, up to \$1,000.

Other types of discounts, such as quantity discounts or trade discounts, may be adjusted to allow middlemen enough margin to make it worthwhile for them to promote the manufacturer's product. Products that middlemen can price high enough to yield satisfactory profits are the ones most likely to receive promotion attention.

The marketing manager is in an admirable position to help make decisions regarding the basic price and discount structures of a product. His contacts with salesmen, wholesalers, and retailers yield information that is invaluable in price discussions.

### 3.3.2 Illustration of the Marketing Mix in Action (Price)

In keeping with the corporation's philosophy of penetration pricing, it was decided to set the Mini-matic's price as low as possible, so that it could compete with increasing camera imports from Japan, Germany, and domestic manufacturers that were shifting their production abroad. The marketing manager wanted a price that would be competitive in the market; the production manager wanted a price that would lead to evenly distributed plant loads and long production runs; the finance manager wanted a profitable price; and the new-product development manager wanted a price that would lead to fast market penetration. Accordingly, after several meetings and considerable work with demand-oriented methods of pricing, the product-planning committee established a suggested retail price of \$24.95 for the Mini-matic. The cost to the retailer was \$15.00, so the retailer's gross margin on each camera sold was \$9.95, or 39.8 percent on a retail basis. This margin was considered adequate to prove attractive to retailers and yet discourage any large-scale price cutting.

In addition, it was decided to give quantity discounts to retailers to follows:

<i>Number of Mini-matics bought</i>	<i>Retailer's cost per camera</i>
1-24	\$15.00
25-49	14.50
50-100	14.00
<b>Over 100</b>	<b>13.50</b>

## 4.0 CONCLUSION

In this unit, you have been exposed to the factors affecting the promotion mix that are controllable in nature, as well as the illustration of the marketing mix in action regarding product and Price.

## 5.0 SUMMARY

In this unit, you have learnt that the controllable factors affecting the promotion mix, described product give illustration of the marketing mix in action regarding product and discussed Price and give illustration of the marketing mix in action price

## 6.0 TUTOR-MARKED ASSIGNMENTS

1. What are the Controllable factors affecting the promotion mix.
2. Describe product give illustration of the marketing mix in action regarding product.
3. Discuss Price and give illustration of the marketing mix in action price.

## 7.0 REFERENCES/FURTHER READINGS

Ahmed-Ogundipe, K.A (2001). *The foundation of marketing*, Lagos: Percept Limited.

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## **UNIT 4      CONTROLLABLE      FACTORS      AFFECTING      THE                  PROMOTION MIX**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Controllable factors affecting the promotion mix
  - 3.2 Place
  - 3.3 Illustration of the marketing mix in action (place)
    - 3.3.1 Promotion
    - 3.3.2 Illustration of the marketing mix in action (PROMOTION)
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

In unit 4 we started our discussion on the controllable factors affecting the promotion mix, described product and price and then give illustration of the marketing mix in action regarding product and Price. In this unit we shall continue our discussion on other controllable factors affecting the promotion mix such as place

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain controllable factors affecting the promotion mix.
- describe place and give illustration of the marketing mix in action (place)
- appreciate the elements of promotion in marketing and give illustration of the marketing mix in action (promotion)
- be able to impact such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Controllable Factors Affecting the Promotion Mix**

#### **3.2 Place**

Wholesalers and retailers are usually reached by salesmen, because they are few in number when compared to consumers, require detailed information on costs, mark-ups, profits, promotion plans, and so on, and buy in quantities large enough to make the use of personal selling feasible. Trade advertising may be used to inform and persuade middlemen, but the major promotion tool is personal selling.

Good channel relationships with middlemen are particularly important when a manufacturer's product is essentially similar to those of his competitors. Salesmen can cement good relationships, serve as a valuable source of feedback to manufacturers, and quickly correct problems, all of which are areas in which mass-selling tools are weak. The loss of an important wholesaler or retailer may be a major setback to a manufacturer's marketing program, whereas the loss of one consumer does not usually have a drastic effect.

The marketing manager should have intimate knowledge of transportation and storage facilities and the requirements for products under his jurisdiction. His knowledge of wholesalers and retailers and their objectives and requirements is useful in selecting proper channels of distribution, rewarding channel members, and ensuring the proper flow of goods to target markets. No one in the company has better knowledge of the factors that make up the place mix.

#### **3.3 Illustration of the Marketing Mix in Action (Place)**

Mini-matics were marketed through the 85,000 retail outlets currently handling the Moment-matic line. No wholesalers were used, since retailers preferred to buy direct from the manufacturer, and most orders were large enough for Emprint to sell in this manner.

Emprint guaranteed it could deliver to any point in the United States within seven working days by maintaining warehouse stocks at strategic points throughout the country. Good dealer relations were maintained by following a selective distribution policy and maintaining a Marketing Education Center through which passed more than 40,000 dealers and their sales-people.

### 3.3.1 Promotion

Once overall company and marketing objectives have been set, the marketing manager is in a position to set promotion objectives and blend the promotion tools into a mix to achieve these objectives. His background of experience, market research and testing, and intimate knowledge of the strengths and weakness of the promotion tools will enable him to “tailor-fit” the promotion mix to the product or service. He is also in a key position to observe and measure the effects of his selection on sales.

### 3.3.2 Illustration of the Marketing Mix in Action (Promotion)

Publicity on the Mini-matic was scheduled to break in trade papers, consumer magazines, and newspapers on March 1. Advertising did not begin until April 1 in order to get maximum news value from new-product publicity and still be early enough for the June graduation and summer vacation markets.

All advertising for the Mini-matic was developed by the Barnett and Borden advertising agency. The basic campaign theme was “Mini-matic’s always at hand when wonderful things happen.” The advertising appropriation of \$8 million was to be spent in newspapers and magazines, and on television.

Newspaper advertisements were run simultaneously in all markets where Moment-matic dealers were located, so they could tie in with promotions at the local level. A cooperative advertising arrangement between Emprint and its retailers stated that the company would pay 50 percent of the cost of dealer newspaper advertising of the Mini-matic, up to a maximum of 5 percent of each retailer’s gross purchases.

Emprint’s 1,500 salesmen were briefed in regional sales meetings on the product features and benefits of the Mini-matic. Copies of new-product publicity releases, preprints of newspaper and magazine advertisements, and media schedules were handled out and explained. Salesmen were to get retailers to order at least two weeks’ supply of Mini-matics and, using newspaper mats that were furnished, to try to secure retail tie-ins with national advertising. The salesmen started calling on retailers February 1 with a model of the new camera.

Various types of sales promotion material with the theme “Wonderful things happen with Mini-matic” were furnished salesmen for distribution to retailers. A “Wonderful things can happen” incentive campaign was offered to dealers whereby they could win vacation trips to exciting parts of the country or world by superior sales performance.



## 4.0 CONCLUSION

In this unit, you have been exposed to the concept of marketing mix, as well as the application of this concept in the promotion mix which Parts of the mix had to be revised while the marketing program was in operation, as uncontrollable factors such as competitive reactions and economic forces came into play By combining product, price, place, and promotion into integrated, coordinated marketing mix, Emprint, Inc., maximized its chances of achieving its sales and profit targets on the Mini-matic camera.

## 5.0 SUMMARY

In this unit, you have learnt that: explain controllable factors affecting the promotion mix, described the place and give illustration of the marketing mix in action (place) discussed promotion give illustration of the marketing mix in action (promotion).

## 6.0 TUTOR-MARKED ASSIGNMENT

1. What is the place and give illustration of the marketing mix in action (place)?
2. Discuss promotion give illustration of the marketing mix in action (promotion)?

## 7.0 REFERENCES/FURTHER READINGS

Ahmed-Ogundipe, K.A (2001). *The foundation of marketing*, Lagos: Percept Limited.

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## **UNIT 5 UNCONTROLLABLE FACTORS AFFECTING THE PROMOTION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Uncontrollable factors affecting the promotion mix
  - 3.2 Economic Forces
  - 3.3 Life-Styles
  - 3.4 Competition
  - 3.5 Middlemen
  - 3.6 Legal and Ethical Factors
  - 3.7 Intrafirm Relationships
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last two units that is unit 8 and 9 we discussed extensively on controllable factors affecting the promotion mix, that is product, price, place and promotion and give illustration of the marketing mix in action product, price, place and promotion. However, this unit we shall focus on uncontrollable factors affecting the promotion mix.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- understand the uncontrollable factors affecting the promotion mix such as economic forces, life-styles, competition, middlemen, legal and ethical factors and intrafirm relationships.
- be able to impart such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Uncontrollable Factors Affecting the Promotion Mix**

Certain factors are beyond the direct control of the marketing manager and his company. These uncontrollable factors form a large part of the environment in which promotion

must operate. They are (1) economic forces, (2) life-styles, (3) competition, (4) middlemen, (5) legal and ethical factors, and (6) intrafirm relationships.

### **3.2 Economic Forces**

Demand for the product is not created by any promotion effort. The demand is already there, latent, and depends upon consumer needs and wants. All promotion can do is sharpen and direct existing demand toward a product or brand offerings of specific manufacturers.

Not only is it extremely costly to attempt to change demand, but such efforts are usually doomed to failure, as can be seen by the Ford Motor Company's promotion of the Edsel, and the unproductive promotion of men's hats in the face of declining demand. Basic demand finds its roots in the needs and wants of consumers, and these have proved to be highly resistant to promotion efforts.

Other economic forces influence the willingness of people to buy products and thus influence the effectiveness of promotion. Income tax structures, employment levels, and credit availability fall into this category. These forces can have positive or negative effects upon the promotion efforts of a particular firm and must be asserted in the light of the promotion program of each individual product.

### **3.3 Life-Styles**

A life-style is a particular way of living, of a whole population or a segment of one. One can speak of the life-style of a nation, a family, or a particular social class or age group. These life-styles are beyond the control of the promoter, so he must adapt his promotion efforts to the life-styles of the groups with which he is trying to communicate.

Also, life-styles can and do change, although not normally over short time periods. But on occasion, the life-style of a group can change significantly between the planning of a promotion program and its inception. This may necessitate drastic, last-minute changes in the program.

### **3.4 Competition**

With the wide proliferation and differentiation of products in the economy, promoters have turned to increasingly subtle and complex promotion programs. Although price competition is still prevalent, especially at the retail level, nonprice competition continues to be of paramount importance for a product differentiation, which may have taken months or years to develop and test.

The marketing manager, operating within existing laws, has little or no control over the actions of competitors. About all he can do is anticipate competitive actions and be prepared to deal with them. He should constantly compare his product with competitive offerings to determine points of differentiation and relative strengths and weakness. Then, weakness in his product can be corrected and the most promotable features used in promotion programs.

### **3.5 Middlemen**

Most manufacturers are not vertically integrated and must depend upon independently owned wholesalers and retailers to sell products. These middlemen are intermediate buyers and must be taken care of in promotion plans. Typically, middlemen have a wide choice among products and can contribute heavily to the success of promotion programs on products carried. Their active support must be solicited and their objectives recognized when promotion programs are in the planning stage. The lack of middlemen's support for a promotion program can be a major obstacle to the success of a product.

### **3.6 Legal and Ethical Factors**

Legal and ethical consideration place constraints on the promotion program. There are federal, state, and local laws pertaining to promotion, and the marketing manager must operate within the framework of these laws.

Most laws affecting promotion have come about because of abuses by sellers. In areas in which no such laws exist, the marketing manager should strive to follow ethics that lead to acceptable behavior. To do otherwise will antagonize substantial segments of the population and lead to further legal restrictions on promotion programs.

### **3.7 Intrafirm Relationships**

Departments such as production and finance place further restrictions upon the promotion latitude of the marketing manager. Financial officers ultimately determine the absolute size of the promotion budget, and the marketing manager must operate within this limit. Likewise, the productive capacity of the company places a short-term limit on the units of product available for sale. Only an unwise marketing manager would knowingly put forth a promotion program designed to sell more product than the factory can produce. Besides being economically unsound, such a program would generate ill will among both middlemen and consumers who were unable to secure wanted amounts of the product.

## 4.0 CONCLUSION

The marketing manager must also cultivate good relationships with other departments within the firm, such as personnel and shipping. This is generally done by coordinating promotion activities with these other essential company operations.

## 5.0 SUMMARY

In this unit, you have learnt and understood uncontrollable factors affecting the promotion mix such as economic forces, life-styles, competition, middlemen, legal and ethical factors and intrafirm relationships

## 6.0 TUTOR-MARKED ASSIGNMENT

list and explain the uncontrollable factors affecting the promotion mix?

## 7.0 REFERENCES/FURTHER READINGS

Ahmed-Ogundipe, K. A (2001). *The foundation of marketing*, Lagos: Percept Limited.

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## MODULE 3

Unit 1	Sales Promotions and Personal Selling
Unit 2	Social Influences on Promotion
Unit 3	Planning
Unit 4	Financial, Measuring, and Controlling the Promotion Program
Unit 5	Ethics and the Promotion Process

## UNIT 1 SALES PROMOTIONS AND PERSONAL SELLING

### CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Sales Promotions
3.2	Sales Promotion Tools
3.3	Personal Selling
3.4	Types of Sales Persons
3.5	Personal Selling Process
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Readings

### 1.0 INTRODUCTION

A small firm can use sales promotion to accomplish various objectives. For example, small manufacturers can use it to stimulate commitment among channel members-retailers and wholesalers-to market their product while Personal selling may be carried out on a face-to-face basis or by means of the telephone. Personal selling is especially vital for the small firm

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe Sales promotions
- highlight Sales promotion tools
- explain Personal selling

- iterate Types of sales persons
- describe Personal selling process.

### **3.0 MAIN CONTENT**

#### **3.1 Sales Promotion**

A sales promotion serves as an inducement to buy certain product while typically offering value to prospective customers. Generally, a sales promotion includes any promotional technique other than personal selling, advertising, and public relations that stimulates the purchase of a particular food or service.

Wholesalers can use sales promotion to induce retailers to buy inventories earlier than normally needed, and retailers, with similar promotional tools, may be able to persuade customers to make a purchase.

#### **3.2 Sales Promotion Tools**

In sales promotion, there are a number of methods that can be used, these include:  
Point-of-Purchase Displays.

Small business owners are constantly putting displays in their stores. Point-of-purchase displays are strategically located throughout the store and represent an effective means of generating impulse purchases. These displays are ways of drawing customer attention to a particular product or group of products. Usually these displays are prepared by manufacturers or distributors of products and made available to the owners. Typical forms of displays are wall or shelf displays, interior or overhead signs, freestanding displays, and counter displays.

Good displays that are attractively set up to catch the customer's eye are placed in a high customer traffic area and have point-of-sale material attached. They are a means of increasing sales on a particular product. Displays may remind customers of a product they need but had forgotten to include on their shopping lists. Another purpose of these displays is to suggest additional uses of a product. This technique is often successful in influencing a customer to purchase a product.

Many point-of-purchase displays are strategically located at the store's checkout counter to stimulate impulse purchases. For example razor blades, chewing gum and certain types of magazines and newspaper are placed where customers can purchase them impulsively.

#### **Show windows**

Merchandise displays or signs in the show window should be appealing to the customer as well as attention getters. Show window displays should be designed for the purpose of presenting merchandise in such a way that the passer-by stops, looks, enters the store to find out more about the merchandise, and is encouraged to make a purchase. Show window can be effectively used to stimulate impulse buying. Show windows displays should be changed regularly to make them most effective. If the same people pass your store daily, window displays should be changed more frequently.

### **Samples**

One sales promotion techniques is to distribute free samples of a product to customers. In this way, the small business puts the product in the hands of the customers for the purpose of getting them to try it. The expectation is that they will like it and become regular users. A sample tube of new toothpastes, a sample box of a new detergent, or a sample jar of a new brand of freeze-dried coffee is given to customers to try. When a new food item is to be introduced, such as a new breakfast sausage, samples may be prepared in a grocery store. Customers are offered a sample, and its unique characteristics are explained. Customers who like the item then are encouraged to buy the product. An advantage of this sales promotion technique is that customer acceptance or non-acceptance of the product is known as soon as it is tried.

### **Contests**

Some contests are intended to attract new customers to use a product already in existence or to introduce a new product. Other contests attempt to get customers into the store to register for a cash prize or merchandise to be presented at a drawing held in the store.

### **Premiums**

Premiums re products that are offered free or at minimal cost to the customer. Consumers may receive a dish, glass or other merchandise free if they purchase another product or make a purchase in excess of a stated naira amount, such as over N25,000. A retailer may offer one pair of shoes at the regular price and the second pair of equal or less value for N1,000 more.

### **Coupons**

A frequently used sales promotion technique is coupons, coupons are intended to stimulate sales by offering the consumers a discount on purchases. For example, a retailer may offer a series of coupons that are redeemable during a specified week. A service firm may offer a coupon that provides a discount on a service, such as a N5,000 discount on the tune-up service for lawn-mowers.



### **Fashion shows, trade show and demonstrations**

These sales promotion techniques are designed to be informative, create goodwill, and increase customer traffic. A wide range of merchandise may be promoted by these events. A group of small retailers may jointly sponsor a fashion show presenting the newest clothing styles for the upcoming season. Likewise, a trade show, such as a home show, may be held in a large meeting hall to accommodate large numbers of people. In this trade show, individual business owners can display their merchandise for home improvement. At a trade show, demonstrations can be given to acquaint customers with how equipment functions, such as an exhibition of how to use a new model of woodworking equipment.

### **Publicity**

Of particular importance to retailers because of its high visibility is publicity. Publicity can be used to promote both a product and a firm's image; it is a vital part of public relations for the small business. A good publicity program requires regular contacts with the news media.

Although publicity is considered free advertising, this is not always an accurate profile of this type of promotion. Examples of publicity efforts that entail some expense include involvements with school yearbooks or youth athletic program. While the benefits are difficult to measure, publicity nevertheless important to a small business and should be used at every opportunity.

## **3.3 Personal Selling**

Personal selling is the process of personally informing customers about a product or service through personal communication for the purpose of making sale. In fact, customers of small firms usually expect personal service. This is because many large retailers have gone to more self-service, the small business owner has an opportunity to fill this vacuum by providing personal services and may even gain a competitive edge in the process.

The goal of personal selling is to meet the consumer's need by offering the proper mix of goods and services at the time, place and price requested. When this goal is realized, the result is a satisfied customer, and there is the distinct likelihood that a long-term relationship between the firm and the customers will be established.

## **3.4 Types of Sales Persons**

In developing salesperson, the small business owners must identify the type of sales persons they need to sell their products or services. Most salespersons in small firms are classified as either service (order takers) or creative (order getters).

### **Service salesperson (Order Takers)**

Service salespersons, or order takers, assist the customers in completing a sale. In this sales situation, a customer has already made a decision to buy and has a good idea of what products or service to buy. The service function of the order taker is to provide the customer with the information needed to make the buying decision. For example, if a customer wants to buy new clothing, the salesperson's service selling activities center around showing the customer various styles, fabrics, colours, providing assistance in measuring for size, making arrangements for alterations if necessary; writing up the sales ticket; and informing the customers when the purchase can be picked up or delivered.

### **Creative salespersons (order Getters)**

The selling function of the creative salespersons, or order getter, is significantly more challenging. In creative selling, the potential customer does not have a purchase in mind. The order getter's selling activity is to recognize potential customers and to arouse their need for merchandise or services by providing them with necessary information. The creative salesperson tries to convert the customer's neutral attitude to a positive desire for a product or service. Suggestion selling offers possibilities for the creative salesperson. In this sales situation, the salesperson tries to build upon the customers' initial need by suggesting additional or better quality products or services. For examples, the salesperson could suggest a blouse to go with the purchase of a skirt, or the salesperson may suggest that the consumer purchase a higher priced, better quality item rather than the one initially considered.

## **3.4.1 Inside and Outside Sales Representatives**

The sales activities may be classified on the basis of being performed inside or outside the business. The insider sales representative is sought out by the consumers who come to the place of business to make a purchase. This is characteristic of sales made to customers in retail stores and personal service firm. The inside sales representatives call on the customer. This type of selling is extremely challenging and requires individuals who can work on their own in the field without close supervision, keeping regular hours, and spending substantial amounts of time travelling.

## **3.4.2 Compensating Salespeople**

Salespeople are compensated in two ways for their efforts: financially and nonfinancial. A good compensation program will allow its participants to work for both forms of

reward. However, an effective compensation program recognizes that salespeople's goal may be different from entrepreneurs' goals. For example, an entrepreneur may seek nonfinancial goals that are of little importance to the salespeople.

Nonfinancial Rewards – Personal recognition and the satisfaction of reaching a sales quota are examples of nonfinancial rewards recognized by salespeople. For example, many small retail businesses post the photograph of the top salesperson of the week or the month on a bulletin board for all to see. Plaques are also used for a more permanent record of sales achievements.

**Financial rewards** – Typically, financial compensation is the more critical factor for salesperson. Two basic plans for financial compensation are commissions and straight salary. Each plan has specific advantage and limitations.

Most small business would prefer to use commissions as compensation, because such an approach is simple and directly related to productivity. Usually, a certain percentage of sales generated by the salesperson represents his or her commission. A commission plan thereby incorporates a strong incentive into the selling activities – no sale, no commission! Also, with this type of plan, there is no drain on the firm's cash flow until a sale is made.

Salespeople have more security with the straight salary form of compensation, because their level of compensation is ensured, regardless of personal sales made. However, this method can potentially reduce a salesperson's motivation.

Combining the two forms of compensation can give a small business the most attractive plan. It is a common practice to structure combination plans so that salary represents the larger part of compensation for new salespeople. As a salesperson gains experience, the ratio is adjusted to provide more money from commissions and less from salary.

### **3.5 Personal Selling Process**

The heart of personal selling is the sales presentation to the prospective customers. At this crucial point, an order is either secured or lost. There are seven stages of the personal selling process, they are:

#### **Techniques of prospecting**

One of the most efficient techniques for prospecting is to obtain personal referrals. Such referrals come from friends, customers, and other businesses. Initial contact with a potential customer is greatly facilitated by the ability to mention “you were referred to me by...”

Another technique for prospecting is to use impersonal referrals such as media publications, public records, and directories, newspapers and magazines, particularly trade magazines, can help identifying prospects by reporting information on new companies entering the market, as well as on new products. Wedding announcements in a newspaper are impersonal referrals for a local bridal shop. Small furniture stores often require their sales people to create a card for each person visiting the store. These prospects are then systematically contacted over the telephone. Records of these contacted are updated periodically.

### **Preapproach**

In the preapproach or preparation phase, the salesperson attempts to gain as much knowledge of potential customers as possible to plan how and when to approach them. The salesperson must be aware of the customers' need and the products and services the firm offers that will satisfy those needs. The more prepared the salesperson is in terms of awareness of the needs of customers, the more effective will be the sales presentation.

### **Sales approach**

The proper sales approach is critical because this is the initial opportunity for the salesperson to make a positive impression on the potential customer of himself or herself and of the products or service being sold and also to create sufficient interest so that the customer will listen to the sales presentation. Selling in the small business is often conducive to the creation of a favorable initial impression because of the opportunity to develop a warm, personal, and sincere relationship. Salespersons who can learn to know their customers and greet them by name and demonstrate that they consider the needs of the customers of utmost importance will greatly improve their chances of success.

### **Sales presentation**

The salesperson must make an effective sales presentation to attract and hold the prospect's attention. Demonstrating the products or expanding the service or allowing the customers to participate in a trial of the products to appreciate it fully, for example, test driving a new automobile or trying on new clothing, reinforces the sales presentation. The salesperson should not dominate the sales presentation but should listen and allow the customer to ask questions. Some specific procedures that may be included in the sales presentation of goods and services are listed here:

- Make strong, persuasive points about merchandise or service early in the presentation – there may be no second chance.
- Work on “selling benefits” – the value should be established before discussing price.
- Give the customer complete attention.

- Never confuse the customer with too wide an assortment.
- Whenever [possible, try to show the item to use.
- Whenever possible, involved the customer.
- As a sales presentation progresses, be more specific and more emphatic.
- Listen to make the customer feel important.
- Look for polite way to make the customer feel at ease.
- Demonstrate enthusiasm and a sense of satisfaction about your job?

### **Dealing with objection**

Dealing with objections in a satisfactory manner is probably the most difficult step in personal selling process. Whereas salespersons should anticipate some objections, they should not raise them. Instead, objections should be handled as they arise. Customer objection may include these: “the price is too high; the merchandise is the wrong colour; it is not the kind of material I want; or, I have an older model at home with which I am satisfied”.

### **Closing the sale**

Salespersons should be prepared to close a sale at any time during the presentation or while handling objective. In closing the sale, the salesperson tries to find the appropriate time to get the customer to act – too buy the product or services. Among the reasons a salesperson fails to close a sale is that he or she pushes the customer to make a decision before the latter is ready or that the salesperson demonstrates a feeling of superiority over the customer. A number of closing techniques are offered now:

Use the principle of positive suggestion, and assume that the sale is made. If the customer does not stop the salesperson, the sale has been completed. This technique assumes the sale is made: “will you take it with you or would you like it delivered?”

Offering an added incentive or emphasizing a bargain may help in prompting customer action. If the customer appears hesitant about the purchase, the salesperson may offer an extra incentive. “ if you purchase the VCD now, we will deliver and set it up at no extra charge”. Or the salesperson may remind the customer that the product or service goes back to regular price next week.

Summarize the major benefits of the product or services emphasize those benefits that match the customer’s buying motives.

Close by stressing customer approval. “we guarantee complete satisfaction or your money back”.

Asking for the order is an obvious but often overlooked closing technique. Many customers respond favourably to this sales techniques.

### **Sales follow-up**

Follow-up after the sales is a supportive procedure by the salesperson that aid in developing good will and repeat patronage. Tis may be accomplished by a telephone call or by writing a short, courteous note thanking the customers for the purchase and offering to be of assistance to the customer any time in the future. Other follow-up techniques include handling complaints quickly and courteously and providing reliable service after the sale. Follow – up are usually provided on larger purchases, such as major household appliances.

## **4.0 CONCLUSION**

Promotion managers must be aware of the Sales promotions tactics and tools that can be identified by recording customer initiated contacts inquiries by a potential customer that lead to sale increase and various personal selling and approach of sales persons and personal selling process.

## **5.0 SUMMARY**

In this unit, you have learnt that: Sales promotions and highlight Sales promotion tools. Also explained Personal selling, items types of sales persons and finally describe Personal selling process.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is the Sales promotions and highlight Sales promotion tools.
2. Explain Personal selling and mention types of sales persons.
3. List and explain Personal selling process.

## **7.0 REFERENCES/FURTHER READINGS**

Ahmed-Ogundipe,K.A (2001). The foundation of marketing, Lagos: Percept Limited.

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## **UNIT 2      SOCIAL INFLUENCES ON PROMOTION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Social Influences on Promotion
  - 3.2 Social Class
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The buying behavior of individuals is influenced by heredity and environment. Heredity dictates that we must eat, drink and breathe to stay alive. In particular cases, it may influence what we eat or drink, as in the case of a person whose genes predispose him to be obese when he wishes to be slender, or the alcoholic, who has an inherited sensitivity to certain beverages. Beyond such relatively isolated cases, most buying behavior is the product of environment.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- appreciate the social influences on promotion
- understand the concept of social class as influencing factor in product promotion
- be able to impart such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Social Influences on Promotion**

The sociological environment of people is of particular interest to promotion managers, since it helps to explain why people buy certain types and brands of products, shop in one type of store and not another, and otherwise spend their money in diverse ways. Much of the complexity involved in the study of buying behaviour can be explained in terms of the social groups to which a person belongs or aspires to belong. The study of the effects of social groups on buying behaviour is the primary concern of the present discussion.



### 3.2 Social Class

A person's social class is a major influence on his style of life and an important factor in determining his social and economic behaviour. A *social class* is a group of people whose members are nearly alike in terms of some characteristic valued in their society, and whose possession of that characteristic clearly differentiates them from other people. Examples of such characteristics include income, or economic well-being, and occupation, such as professional, businessman, office worker, or labourer. The people within a social class tend to share the same goals and regularly interact among themselves in both formal and informal ways. Every society known has social classes.

Although in theory all men are equal, the members of our society are classified into a social structure with a definite social-class order. The process of such classification is termed *social stratification*, which means "any system of ranked statuses by which all the members of a society *are placed* in some kind of a superordinate and subordinate hierarchy."<sup>12</sup> In the United States, a person can move from one social class to another, but "the vast majority of people live and die within the boundaries and tastes of their own social class."

W. Lloyd Warner's system of social classes in the United States has been widely quoted by other authors. A short description of the Warnerian social classes is as follows:

**Upper-Upper Class (0.5 percent of the population):** This consists of locally prominent families at least second- or third-generation wealth. The basic values of this class are living graciously, upholding family reputation, reflecting the excellence of one's breeding, and displaying a sense of community responsibility

**Lower-Upper Class (10 percent of the population):** This class comprises more recently arrived, and never quite accepted, wealthy families. Each city's executive elite, founders of large businesses, and newly well-to-do doctors and lawyers are members of this class. Their goals are a blend of the upper-upper-class pursuit of gracious living and the upper-middle-class drive for success.

**Upper-Middle Class (10 percent of the population):** This class is composed of moderately successful professional men and women, owners of medium-sized businesses, "organization men" at the management level, and young people in their 20s-30s who are expected to arrive at this occupational status level by their middle or late 30s. Their goals are career success, reflecting this success in home décor and social participation, cultivating charm and polish, and a broad range of interests either civic or cultural.

**Lower-Middle Class (30-35 percent of the population):** Small-business owners, non-managerial office workers, and highly paid blue-collar workers, who are concerned with being accepted and respected in white-collar churches, clubs, and neighbourhoods, make

up this class. Their major goal is respectability, and they have live in nearly furnished, well-maintained homes, more or less on the right side of town. They clothe themselves in coats, suits, and dresses from nice stores and save for a college education for their children.

**Upper-Lower Class (40 percent of the population):** This class is made up of unskilled production-line workers with the goals of enjoying life and living well from day to day. They try to be modern, keep step with the times, and take advantage of progress to live more comfortably.

**Lower-Lower Class (15 percent of the population):** This class is made up of unskilled workers, unassimilated ethnics, and the sporadically employed. As a group, they possess only 7-8 percent of the purchasing power. This group's approach to life can be characterized by apathy, fatalism, and "getting their kicks" where they can.<sup>14</sup>

According to Pierre Martineau, "A rich man is not just a poor man with more money. He probably has different ideals, different personality forces, different church membership, and many different notions of right and wrong, all largely stemming from social class differentials."

In combining the Warnerian social classes into upper, middle (subdivided into the upper-middle and middle), and lower classes, anthropologist Margaret C. Pirie gives us some further insight into the distinctive ways of life of the social classes and what and how they buy:

In general, the various social classes patronize different stores, buy different types of products and different brands, read different magazines, have different fashion interests, and prefer different treatment from salesmen. However, the millions of people who make up each of the social classes are not necessarily identical in their consumption patterns, even though they are of equal status socially and share class wide values and sets of goals. Within the social class are "over-privileged" individuals and families, whose incomes are above average for their class. Likewise, a social class will have "average" and "underprivileged" families and individuals. The market for quality products and quality brands from those people within each social class who have the most discretionary income above the requirements of their class.

#### 4.0 CONCLUSION

Promotion managers must be aware of the influences of social-class membership on buying behaviour. The consumption patterns of a class operate as prestige symbols to identify class membership. Different promotion appeals, copy, art, and media may be needed to sell the same product to different social classes. Upper-middle-class wives want products and brands that are clear symbols of their social status; other middle-class

wives shop carefully and read advertising and compare prices before they shop. They are highly susceptible to preselling through mass media. Lower-class wives buy largely on impulse and should be influenced by point-of-purchase materials. Since they do not care to read much, the broadcast media are of great importance in communicating with them.

## **5.0 SUMMARY**

In this unit, you have learnt that: appreciate the social influences on promotion and understood the concept of social class as influencing factor in product promotion

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is the relevance of the social influences on promotion?
2. List and explain W. Lloyd Warner's system of social classes in the United States has been widely quoted by other authors.

## **7.0 REFERENCES/FURTHER READINGS**

Ahmed-Ogundipe, K.A (2001). *The foundation of marketing*, Lagos: Percept Limited.

Asika N and Osuagwu L (1997). *Research Methods for Marketing Decisions*, Lagos: Malthouse Press Ltd

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Houston, F.S. (1986). 'The Marketing Concept: What it is and what it is not'. *Journal of Marketing*, 50, April, pp. 81-7.

## **UNIT 3 PLANNING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Planning
  - 3.2 Promotion Plans
  - 3.3 Characteristics Of Good Promotion Plans
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Planning involves anticipating problems that will arise in the future and making decisions about the formulation of a goal-directed program.<sup>10</sup> In short, planning is deciding in the present how to use resources in the future. Marketing planning is the basic means for determining the marketing mix and designing, integrating, and coordinating marketing programs.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- appreciate the elements of planning
- understand the concept of Promotion Plans
- describe Characteristics of Good Promotion Plans
- be able to impact such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Planning**

Marketing planning is widespread. A survey by the American Management Association revealed that approximately 80 percent of the 163 reporting firms used marketing plans.<sup>11</sup> Formal marketing plans include marketing objectives and the strategies and tactics to be used by the company in a future period. The most extensive planning procedures are mainly in the larger companies, although medium and small companies also plan. One key to marketing success is management by objectives, which assures the existence of a

marketing plan. “Marketing planning is rooted in the past, has a perspective of the future, and provides the basic directional guidance for marketing activities.”<sup>12</sup>

### 3.2 Promotion Plans

Promotion plans specify which promotion tools are to be used, how company resources are to be allocated among these tools, and what results are expected. Promotion planning determines the promotion mix and provides for the coordination of the elements of the mix with each other and the overall marketing program.

#### ADVERTISING PLAN

A company’s advertising plan should include the advertising target, objectives, strategy, appeal, copy theme, media schedule, budget, and methods for measuring advertising results.

#### PUBLICITY PLAN

The publicity plan should include the publicity target, objectives, schedule of company products and events with value, media possibilities, budget, and means of measuring the results of publicity.

#### SALES PROMOTION

Sales promotion targets, objectives, strategies, schedule of events, budget, and methods of measuring the results of sales promotion efforts are necessary parts of the plan.

### 3.3 Characteristics of Good Promotion Plans

Properly developed promotion plans have a number of characteristics in common. These characteristics, along with a short explanation of each, are as follows:

**Promotion plans should be relevant:** They should lead to the achievement of the promotion objectives. Overachievement of objectives should be noted, perhaps the budget can be scaled down to save the unnecessary expenditure of promotion funds.

**Promotion plans should be practical:** They should be able to be carried out with the financial and human resources of the company and its affiliates, such as marketing-channel members, advertising agencies, and public relations agencies.

**Promotion plans should be complete and detailed:** All problems should be anticipated, and provisions should be included for coordination with other parts of the company.

*Promotion plans should state exactly who has the responsibility and authority for carrying out each part of the plan.*

*Promotion plans should have a schedule stating when each of the activities is to take place.*

*Promotion plans should include specific costs attached to each part of the plan, so that control measures can be instituted.*

*Promotion plans should be coordinated with each other and with the overall marketing program.*

*Promotion plans should be written to make certain that all responsible people have the same interpretations of the plans.*

#### **4.0 CONCLUSION**

By observing these guidelines, promotion managers will find selling promotion plans to top management to be much easier. Top management must ultimately approve all promotion plans, and by using the characteristics of good promotion plans, managers will spend less time in conference with top executives and still have optimal chances of having their plans accepted.

#### **5.0 SUMMARY**

In this unit, you have learnt that: planning as applicable to promotion

- understand the concept of Promotion Plans
- describe Characteristics of Good Promotion Plans

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is planning?
2. What is Promotion Plans?
3. What are the Characteristics of Good Promotion Plans?

#### **7.0 REFERENCES/FURTHER READINGS**

Brown, O.S. (1995). *Post-modern Marketing*, London: Routledge.

Gronroos, C. (1989). 'Defining Marketing: A Market-Oriented Approach'. *European Journal of Marketing*, 23, 1, pp. 52-60.

## **UNIT 4 FINANCIAL, MEASURING, AND CONTROLLING THE PROMOTION PROGRAM**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Financial, Measuring, and Controlling the Promotion Program
  - 3.2 Determining Promotion Appropriations and Budgets
  - 3.3 Factors That Influence the Size of Promotion Budgets
    - 3.3.1 Charging Expenses to Promotion Budgets
  - 3.4 Allocating Promotion Funds
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Overall marketing and promotion goals must be specifically defined, since promotion management is essentially a matter of setting objectives, improvising strategies, developing plans to carry out those strategies, measuring results, and controlling operations. No promotion budget can be more effective and no promotion plan are useful than the marketing plan that gave them birth. Good promotion plans arise from good marketing plans, and promotion objectives must be set in a manner that helps to achieve the overall marketing plan set by the firm.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain financial, measuring, and controlling the promotion program
- determining promotion appropriations and budgets
- understand the factors that influence the size of promotion budgets
- describe charging expenses to promotion budgets and allocating promotion funds
- be able to impact such knowledge to others.

### 3.0 MAIN CONTENT

#### 3.1 Financial, Measuring, and Controlling the Promotion Programme

#### 3.2 Determining Promotion Appropriations and Budgets

Determination of the size and allocation of a firm's promotion appropriation is difficult, but it guides the whole promotion program. The promotion appropriation is the single dollar figure that represents a company's planned total promotion expenditure on all promotion tools for a period ahead, which is normally a year. The advertising budget, publicity budget, personal selling budget, and sales promotion budget in total make up the promotion appropriation.

Budgets are used for specific planning and control purposes. They make each promotion manager consider how much will be spent for each promotion activity on each market. Therefore, in determining promotion budgets, two decision areas are involved:

- (1) the total amount money to be spent on promotion,
- (2) how these funds are to be budgeted to each promotion tool, product, sales territory, customer, and so on.

The purpose of budgets is to make promotion plans dollar-specific and provide the basis for the control of promotion funds. Most budgets are prepared well in advance of the company's fiscal year and are approved in the fourth quarter of the preceding year, as illustrated in Table 11-1 by the results of a survey. The promotion manager charged with the responsibility for the promotion area normally has the most influence in working out the budget for his area. For example, the advertising manager or the advertising and sales vice-president exert the most influence on the advertising budget in 59 percent of the companies represented on the executive panel surveyed by *Printers' Ink* magazine. This same survey reports that the president or executive vice-president has the most influence in approving the budget.<sup>2</sup> From my own experience in industry-in advertising, publicity, personal selling, and sales promotion -I would say that the observations made by the *Printers' Ink* survey hold true.

**TABLE 1-1.** Preparation and Approval of Company Advertising Budgets

Quarter of fiscal year	Percent of companies preparing budget	Percent of companies approving budget
1 <sup>st</sup>	6%	10%
2 <sup>nd</sup>	14	5
3 <sup>rd</sup>	53	21
4 <sup>th</sup>	27	64
<b>Total</b>	100%	100%



**SOURCE:** “Ad Budgets: A Growing Science,” *Printers’ Ink*, Vol. CCLXXIII, No.11 (December 16, 1970), 18.

### 3.3 Factors that Influence the Size of Promotion Budgets

Promotion budget setting is far from an exact science. No magi formulas exist by which the right amount to spend can be determined. Rather, several factors often form the basis for arriving at the promotion budget. The merchandising manager of a large, well known manufacturer states this quite clearly:

**Research guidance:** such as market surveys, corporate image studies, media and readership studies, and effective measurement and determination of sales results.

**Time period:** Most companies determine their promotion budgets for specific periods of time. Although the time period is commonly a year, there are many advertising managers who believe budget should be prepared for a longer period, since advertising is a long-term investment.

**Company earnings:** The need for satisfactory profits for the coming year may limit a promotion budget. Few corporations can provide promotion budgets that will finance all that necessary to satisfy stockholders. There is often a trade-off between increasing promotion and increasing profits.

**Inflammation by promotion managers:** In many companies, the promotion managers expect their budgets to be cut back by top management, so they set their budgets than necessary to improve their positions when final programs and budgets become the subjects of negotiations.

**Competitors’ expenditures:** Some companies use their competitors’ promotion expenditures as guidelines for their own. For example, Colgate-Palmolive budgets advertising at a level between those of its two main competitors—Procter & Gamble and Lever Brothers.

**Product class:** Convenience goods require large promotion expenditures, because of their intensive distribution and heavy dependence upon mass advertising to presell prospects before they shop self-service outlets. Fashion goods require less in the way of promotion, since buyers often believe they can judge the quality of these products for themselves. Service goods such as automobiles depend heavily upon both advertising and personal selling to generate revenues, and specialty goods, with their following of brand-insistent customers, usually need to keep only “normal” promotion pressure on their markets.

**Stage in the products’ life cycle:** New products in the introductory stage of their cycle often need large promotional budgets if they are introduced on a national scale. Substantial promotion funds are also necessary to successfully promote products in their life cycles commonly stress price appeals, and promotion budgets do not need to be as large.

**Economic conditions:** Companies tend to cut back on promotion funds when economic conditions sour, and increase their budgets when business booms. Firms that follow this practice tend to view promotion as an expense rather than an investment.

**Previous expenditures:** Some companies consider their promotion needs to be stable from year to year in terms of absolute amounts. The preceding year is often used as a reference point, and the company tries to stay as close to it as conditions warrant. However, inflationary trends, especially in media costs in recent years, have forced many companies to consider the buying power of budgets rather than absolute amounts.

**Money available for promotion:** An absolute limit is placed on the promotion budget by what a company can afford. No matter how desirable it may seem to use an extensive advertising campaign, add salespeople, or sample extensive areas with the company's product, such activities may be curtailed because the money is not available. The company may have to get along with less ambitious projects that can be found within the constraints of current company finances.

### 3.3.1 Charging Expenses to Promotion Budgets

It is most difficult to determine the promotion budget within which a promotion expense falls, except for obvious cases such as media expenses, salespeople's salaries, and the like. There are few guidelines to follow, and no set rules. One helpful method is to use the exact definitions of each promotion tool as a basis for assigning expenses. For example, if an expense such as a trade-show exhibit arises, the correct category in which to assign this expense can be determined by examining the definitions for each promotion tool. If it is not in media, it is not advertising (except for direct mail advertising). If there is no direct contact between prospect and salesman, it is not personal selling. If it does not appear in free space or time, it is not publicity. In this case, trade shows should be charged to sales promotion, which is the "catchall" category.

Expenses can be assigned by the consensus of opinion of companies, as in Figure 17-1, where promotion items are arranged in descending order according to the percentage of companies that charge the item to the advertising budget. The white area includes charges that are considered ad expenses by two-thirds or more of the companies surveyed. Items in the gray area split at 50 percent of the companies and include those items that fall into the advertising budget at one-two-thirds of the companies. The black area shows those expenses that are considered advertising costs by one-third or less of the companies.

Whatever the method used to charge expenses to promotion budgets, complete agreement will not be reached on many items. However, promotion managers within a company should be able to come to an agreement on most expense items and provide for them in the appropriate budget. Unfortunately, management turnover and political infighting have prevented the wide adoption of this suggestion.

### 3.4 Allocating Promotion Funds

Promotion funds need to be allocated by promotion tool, product, sales territory, and, at times, other factors. Most companies have only limited resources that can be allocated in various items, and the problem arises regarding which ones are to receive heavy support and which are to receive light support, or perhaps none at all.

FIGURE 14-2. Printers' Ink White, Black, and Gray Lists of Charges to the Advertising Account

Space and time costs in regular media  
Advertising consultants Ad-pretesting  
services Institutional advertising Industry  
directory listings Readership or audience  
research Media costs for consumer  
contests, premium and sampling  
promotions Ad department travel and  
entertainment expenses Ad department  
salaries advertising association dues  
local cooperative advertising direct mail  
to consumers subscriptions to periodicals  
and services for ad department storage of  
advertising materials

Catalogs for consumers  
Classified telephone directions  
Space in irregular publications  
Advertising aids for salesmen  
Financial advertising  
Dealer help literature  
Contributions to industry ad funds  
Direct mail to dealers and jobbers  
Office supplies  
Point-of-sale materials  
Window display installation costs  
Charges for services performed by  
other departments  
Catalogs for dealers  
Test-marketing programs  
Sample requests generated by advertising  
Costs of exhibits except personnel  
Ad department share of overhead  
House organs for customers and dealers  
Cost of cash value or sampling coupons

Cost of contest entry blanks  
Cross-advertising enclosures  
Contest judging and handling fees  
Depreciation of ad department  
equipment  
Mobile exhibits  
Employee fringe benefits  
Catalogs for salesmen  
Packaging consultants  
Consumer contest awards  
Premium handling charges  
House-to-house sample distribution  
Packaging charges for premium  
promotions  
Cost of merchandise for tie-in  
promotions  
Product tags  
Showrooms  
Testing new labels and packages  
Package design and artwork  
Cost of non-self-liquidating premiums  
Consumer education programs  
Product publicity  
Factory signs  
House organs for salesmen  
Signs on company-owned vehicles  
Instruction enclosures  
Press clipping services  
Market research (outside produced)  
Samples of middlemen  
Recruitment advertising  
Price sheets  
Public relations consultants

Coupon redemption costs	Cost of detail or missionary men
Corporate publicity	Sponsoring recreational activities
Market research (company produced)	Product research
Exhibit personnel	House organs for employees
Gifts of company products	Entertaining customers and prospects
Cost of deal merchandise	Scholarships
Share of corporate salaries	Plant tours
Cost of guarantee refunds	Annual reports
Share of legal expenses	Outright charity donation

**SOURCE:** “Ad Budgets: A Growing Science,” Printers’ Ink, Vol. CCLXXIII, No.11 (December 16, 1970), 18.

The promotion budget should list the products to be promoted and the amounts and types of promotion dollars to be spent on each. Once the product promotion budget has been developed, it should be weighed against other important company expenditures, such as research and development, to see if it is line or needs to be adjusted.

Promotion budgets should be allocated to sales territories based upon sales potentials. Various considerations influence this allocation, such as purchasing power, population, number of dealer outlets, and so on. Calculating the sales potentials of various territories reduces these factors to an index basis and makes it much easier to allocate funds. If a company’s business is seasonal, as in the plant-food industry, careful budgeting by *time period* may be necessary. Not only do the funds have to be ready when needed, but promotion managers may wish to make maximum outlays when sales are at their peak. In the plant-food industry, fall and spring selling seasons usually receive the majority of the promotion budget.

Allocating by *customer type* may be of importance to companies that need to be certain that all promotion targets (consumers, wholesalers, dealers, and so on) are reached by the promotion program. If sales concentrate in outlets such as supermarkets, the company is wise to use personal selling funds to put more pressure on supermarket buyers than on buyers in industries where such concentration does not take place.

#### 4.0 CONCLUSION

The allocation of the advertising budget to products can be used as an example to make these contrasting policies clear. The vice-president of a metals manufacturing firm illustrates playing the winners in his remarks concerning budgeting. In general, we recommend that advertising be justified on the basis of each product’s contribution to the division’s overall sales and profits. Thus, a highly successful product will get a larger share of the advertising budget because it can support itself.

## 5.0 SUMMARY

In this unit, you have learnt that: financial, measuring, and controlling the promotion program.

- determining promotion appropriations and budgets
- understand the factors that influence the size of promotion budgets
- describe charging expenses to promotion budgets and allocating promotion funds

## 6.0 TUTOR-MARKED ASSIGNMENT

1. What is the relevance of the financial, measuring, and controlling the promotion program
2. Briefly explain factors determining promotion appropriations and budgets
3. Mention the factors that influence the size of promotion budgets?

## 7.0 REFERENCES/FURTHER READINGS

Ahmed-Ogundipe, K. A (2001). *The foundation of marketing*, Lagos: Percept Limited.

Asika N and Osuagwu L (1997). *Research Methods for Marketing Decisions*, Lagos: Malthouse Press Ltd

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## **UNIT 5 ETHICS AND THE PROMOTION PROCESS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Ethics And The Promotion Process
  - 3.2 Types of Ethics
  - 3.3 Common Types of Unethical Promotion Practices
    - 3.3.1 Reasons for the Lack of Ethical Standards in Promotion
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

The promotion area is accused of more unethical behaviour than any other marketing area. The promotion manager is constantly faced with promotion decisions with ethical overtones. The decisions he makes set the overall ethical promotion environment for his company and are used as guidelines by his subordinates.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- appreciate ethics in the promotion process
- understand the types of ethics
- identify reasons for the lack of ethical standards in promotion
- be able to impact such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Ethics and the Promotion Process**

Ethics deal with what is right and wrong, with moral duties and obligations, and with a set of moral principles. These principles are founded upon subjective judgments of the culture or a large portion of the population. Morals are reflections of ethical principles and prescribe how people ought to behave. They are subject to change over time.

Ethics provide standards by which promotion decisions can be judged “right” or “wrong.” These standards are applied to such promotional activities as the use of testimonials in advertising, certain persuasive techniques in personal selling, and various sales promotion practices. Unfortunately, as we shall see, there are no universal standards by which to judge as to what is ethical or unethical in promotion, and critics apply their own ethical standards in determining the acceptability of a promotion practice.

### 3.2 Types of Ethics

Philosophers recognize two types of ethics- absolute ethics and relative ethics. Absolute ethics are inflexible and always apply, regardless of the situation. For example, information given a Catholic priest during confession is considered by the priest to be inviolate and cannot be divulged to others no matter what the circumstances. In contrast, relative ethics are flexible and may be adapted to various situations. A promotion manager may be opposed to the use of testimonials in advertising but may use them to counteract similar advertising by his competitors.

Promotion managers normally operate under a system of relative ethics, because there is no system or code of absolute ethics that would be applicable to the wide range of situations that arise, different types of selling activities, and problems peculiar to each industry. Because businessmen do not agree among themselves as to what is or is not ethical in regard to promotion, any ethical standards that exist at the present time are usually set for each firm by its own top marketing executives.

### 3.3 Common Types of Unethical Promotion Practices

Promotion managers have been guilty of practices that fall into three categories: (1) those that are unethical (and often illegal), (2) those that are open to serious moral questions, and (3) those that need examining.

Unethical promotional practices include such things as fraud, creating erroneous impressions, use of phony testimonials, and misleading brand names and labels. *Fraud* is a deliberate lie by a seller with the intention of deceiving the buyer-for example, a seller’s claim that he has a desirable ingredient in his product when, in fact, that ingredient is not present. *Erroneous impressions* can be created by words or illustrations. When a salesman tells a customer that a house paint is mildew-resistant, he does not mean that the paint will not mildew. Likewise, the shaving of a sand-coated piece of Plexiglas on television is much different from shaving sandpaper, especially when the viewer is exhorted to “shave your sandpaper beard” with a leading brand of shaving cream.

**Phony testimonials** have been used so much in promotion that all testimonials are suspect. Usually, a celebrity endorses in glowing terms a product or service that he may never have used, and is paid by the seller for doing so. Deliberately *misleading* the buyer

by closely approximating the brand name or label of a popular product would be considered unethical by most promotion managers. The Colgate toothpaste label has been copied and its brand name imitated with such words as “Consulate,” “Coldent,” and “Chident.” Motels have tried to attract travelers by using the distinctive colors employed by Howard Johnson’s to identify its motels. Perfumes have even been promoted as being made in France, when their production was actually in the United States. Most promotion managers would regard practices such as these to be definitely unethical and would not use them under any circumstances.

Promotion practices such as “trade puffing” and the use of emotional rather than rational appeals are open to serious moral questions. *Trade puffing* is a sort of poetic license by which the sellers of products or services make their goods sound or look better than they actually are. It includes the use of superlatives such as “sensational,” “revolutionary,” and the like to describe the goods. Defenders of this practice regard it as a fundamental part of persuasion and believe that most buyers can see through exaggerated claims. However, the question arises, “If buyers can see through and discount exaggerated claims, why use such claims in the first place?” The only logical answer is that sellers believe trade puffing helps them sell their goods. If this is true, then trade puffing must create erroneous impressions among buyers and is open to serious question.

The widespread use of *emotional rather than rational appeals* in promoting products and services has been questioned by economists and other social scientists for years. Promotion managers have defended emotional appeals by stating that people buy much faster on an emotional basis than on a rational basis. A common saying regarding this truism is, “The heart is six inches closer to the wallet than the head.” Critics argue that consumers would buy more rationally if sellers would furnish them with objective information. Sellers reply that they sell the way consumers want to buy, not the way they (the sellers) think they *should buy*. So the question of which type of appeal to use is a moral issue, with little chance of being resolved in the near future. However, there are indications that the federal government is now learning toward business’s providing more objective information than has been true in the past.

### **3.3.1 Reasons for the Lack of Ethical Standards in Promotion**

Permanent, objective, ethical standards are not available for use by most promotion managers. Each manager determines his own standard of promotion ethics based upon his moral training in our society, his sense of what is right or wrong, competitive conditions in his industry, and perhaps some guidance by top management and professional groups. “Ethical decision under private capitalism is a moral decision impelled by social sanction but modified by economic exigency.”

Some promotional practices are in need of examination. Two such practices, which are currently being questioned, are promotional emphasis on the material aspects of life at the



expense of spiritual values, and the use of appeals and illustrations that offend the critics' sense of good taste.

Promotion managers have used blatant sex appeals and, at times, illustrations in questionable taste, especially those relating to the physiology of personal health. Sex appeals and physiological illustrations should be handled with care so as not to offend the sensibilities of large numbers of people. If there is any question of good taste, the appeal or illustration should not be used. One classic example of the violation of good taste came about when a deodorant manufacturer used Greek statues with uplifted arms as illustrations in its television advertising to promote its product. The Federal Trade Commission held that the use of these illustrations offended the sensibilities of large groups of people, and if it forced their withdrawal.

Promotion managers sell products and services and are interested mainly in increasing the consumption of their goods. Through such promotion, the standard of living has steadily increased, although economic waste and population have been the price society has had to pay. Some critics believe the time has come for a shift in promotional emphasis from the quantity of goods owned to the improvement of the quality of life. Such an approach would require promotion managers to consider the benefits of promotion of society as a whole, as well as to their individual companies.

#### **4.0 CONCLUSION**

Ethical standards become lower as competition increases. The more competitive an industry, the more ethical problems that are encountered. Ethics in the garment industry have been noticeably lacking because of the "dog-eat-dog" conditions prevailing. In contrast, ethics in the electric utility industry have been much better, especially in regard to promotion practices. This should not be constructed as a plea for more government regulation of industry but rather as a warning to highly competitive industries to develop their own ethical standards before the government does it for them.

#### **5.0 SUMMARY**

In this unit, you have learnt that: ethics in the promotion process

- understand the types of ethics
- identified reasons for the lack of ethical standards in promotion

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is ethics in the promotion process?
2. iterate the types of ethics

3. Briefly explain reasons for the lack of ethical standards in promotion

## **7.0 REFERENCES/FURTHER READINGS**

Ahmed-Ogundipe, K. A (2001). *The foundation of marketing*, Lagos: Percept Limited.

Asika N and Osuagwu L (1997). *Research Methods for Marketing Decisions*, Lagos: Malthouse Press Ltd

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## **MODULE 4**

Unit 1	The Basis for Ethical Decisions
Unit 2	Consumerism and Promotion
Unit 3	Evaluating and Controlling Promotion Efforts
Unit 4	Research Needed on the Promotion Mix

### **UNIT 1 THE BASIS FOR ETHICAL DECISIONS**

#### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	The Basis for Ethical Decisions
3.2	Improvements in Promotion Ethics
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Readings

#### **1.0 INTRODUCTION**

In the last unit 12 we commenced discussion on ethics in the promotion process, understand the types of ethics and identified reasons for the lack of ethical standards in promotion. This unit we shall focus on the basis for ethical decisions and understanding the improvements in promotion ethics

#### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- appreciate the basis for ethical decisions
- understand the improvements in promotion ethics
- be able to impact such knowledge to others.

### 3.0 MAIN CONTENT

#### 3.1 The Basis for Ethical Decisions

Ethical decisions regarding promotion are, in the final analysis, in the domain of the promotion manager. In judging the ethics of a promotional activity, he may use one or a combination of four methods: (1) self-interest, (2) legal ethics, (3) voluntary codes, or (4) personal convictions.

**SELF-INTEREST:** This is the lowest level of sensitivity to ethical obligations. Little, if any, thought is given to the expectations of others, and the promotion manager's main motivation is profit for himself and his company. This is the basis on which the general public believes most businessmen operate. The practices of *caveat emptor* and *laissez-faire* are the results of this type of thinking.

**LEGAL ETHICS:** These are the ethics of compulsion, which are embodied in federal, state, and local legislation that prohibits certain types of promotion practices. Legal ethics involving promotion are increasing as consumers demand more protection from unethical practices.

**VOLUNTARY CODES:** These ethical codes are voluntarily developed by businessmen working through their trade associations. They represent the ethics of compliance. Promotion managers use group standards to separate ethical from unethical promotion practices. Attempts to set ethical standards through trade associations have not, in general, been very successful.

**PERSONAL CONVICTIONS:** These ethics arise from an integrated sense of personal and social values and respect for law, honesty, fairness, and the like. They concern one's own personal ethics, duties, and obligations to other parties in the marketing process. Such ethics vary with individual promotion managers and are most useful when the manager's personal ethical code coincides with the expectations of those who are affected by his promotion decisions.

A promotion manager might use one of the four methods for judging promotion ethics in one situation and another in a different situation. For instance, legal ethics might dictate that he offer promotion allowances to all buyers on a proportionately equal basis, whereas personal convictions keep him from allowing his salesmen to use high-pressure techniques in closing sales. One of the most immediate and worthwhile steps that marketing can take to improve its public image is the development of ethical standards of practice to aid promotion managers in this largely uncharted area.

### 3.2 Improvements in Promotion Ethics

A great deal of progress has been made since the turn of the century in improving promotion ethics. In general, one can say that promotion ethics are improving and should continue to improve. Besides the influence of federal, state, and local governments in improving ethics through legislation, Better Business Bureaus, advertising media, advertising organizations, and trade associations have contributed to the improvement.

#### BETTER BUSINESS BUREAUS

Most large cities in the United States have their own Better Business Bureaus. Local offices work directly with the National Better Business Bureau, which operates on a boarder basis to help national as well as local concerns eliminate the unfair practices of unethical competitors. Such unethical advertising or selling practices as false claims, bait advertising, and misleading statements are investigated and, if necessary, acted upon.

Individual customers or businesses make complaints to a bureau regarding the unfair practices of unethical competitors. The bureau makes an investigation and, upon verification of the charge, tries persuasion to get the offender to discontinue using such practices. If he does not, the facts are often published. As a last resort, legal action may be taken.

The National Better Business Bureau carries on research, keeps its membership informed on federal and state legislation affecting promotional methods, and publishes useful guides to help firms stay out of legal and ethical difficulties. Two of the most popular of these publications have been *Do's and Don'ts of Advertising Copy* and *A Guide for Retail Advertising and Selling*.

#### ADVERTISING MEDIA

Advertising media, both print and broadcast, have helped materially in improving advertising ethics. Newspapers, magazines, television stations, and radio stations often rejected advertisements that contain false or misleading claims or are not considered to be in good taste. Many reputable media vehicles, such as the *Milwaukee Journal* and the *Detroit News*, reserve the right to refuse advertisements that do not come up to their ethical standards. Some publishers, such as that of *Good House-keeping* magazine, guarantee the basic accuracy of claims made in advertisements appearing in their publications.

Media organizations such as the National Association of Broadcasters (NAB) have developed good advertising practice codes. The NAB, whose membership includes most of the large television and radio stations, has a Seal of Approval that is issued to stations

subscribing to the NAB Code of Good Practice. This code's strict provisions prohibit such things as deceptive product claims.

## **ADVERTISING ORGANIZATIONS**

Organizations such as the American Association of Advertising Agencies (AAAA) and the Association of National Advertisers (ANA) have programs designed to reduce to a minimum the amount of objectionable advertising. These two organizations jointly sponsor a plan known as the ANA-AAAA Interchange of Opinion on Objectionable Advertising.

Any advertising agency can send the Interchange a criticism of any advertisement that in the agency's opinion is objectionable in any way. The criticism is reviewed by each member of the Interchange's Committee of the Board of Improvement of Advertising Content, and each member votes by mail on the acceptability of the advertisement. If the committee's vote is negative, the advertising agency that created the advertisement and the advertisement are notified, and a request is made to withdraw the advertisement. If it is not withdrawn, the boards of the ANA and AAAA may undertake disciplinary action, which can lead to expulsion of the offending parties from the organizations.

## **TRADE ASSOCIATIONS**

By working through trade associations or industry groups, companies may agree to abide by certain standards in regard to their promotion efforts. Examples of industries in which such self-regulation takes place are distilling, drugs, and toilet goods. Competing firms must be aware of violating the antitrust laws when they enter into agreements, even if the agreements are for such a laudatory purpose as improving promotion ethics.

## **4.0 CONCLUSION**

Usually, industry codes are developed concerning ethics in a particular promotion activity, such as advertising. Many of these codes are based upon publications put out by the Federal Trade Commission, such as *Federal Trade Practice Rules*. An example of an industry code is that of the Wine Institute, which prohibits advertisements featuring athletes, appeals to children, or any suggestions that wine is associated with religion.

## **5.0 SUMMARY**

In this unit, you have learnt that: the basis for ethical decisions and the improvements in promotion ethics

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is the basis for ethical decisions
2. Mention the improvements in promotion ethics

## **7.0 REFERENCES/FURTHER READINGS**

Ahmed-Ogundipe, K.A (2001). *The foundation of marketing*, Lagos: Percept Limited.

Asika N and Osuagwu L (1997). *Research Methods for Marketing Decisions*, Lagos: Malthouse Press Ltd.

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## **UNIT 2 CONSUMERISM AND PROMOTION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Consumerism-A Challenge to Promotion
  - 3.2 Government's Role in Consumerism
  - 3.3 Promotion Management's Consumer Responsibilities
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Consumers are basically dependent on a company's promotion program for factual information to use in buying. Many companies are not providing enough of the right kind of information to enable the consumer to make a rational decision.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain consumerism-a challenge to promotion
- appreciate the Government's role in consumerism
- understand the Promotion management's consumer responsibilities
- be able to impart such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Consumerism—A Challenge to Promotion**



Promotion must do more than just be ethical if it is to truly serve the consumer. It must line up on the consumer's side to help him satisfy his needs and wants. Consumerism can be defined as "the organized efforts of consumers seeking redress, requisition and remedy for dissatisfaction they have accumulated in the acquisition of their standard of living.

### **3.2 Government's Role in Consumerism**

Consumerism puts emphasis on protecting the consumer from unethical deceptive, or harmful business practices. Consumers are entitled to expect products that work, the protection of their health and safety, clear warranties, product information that will help them make intelligent choices, and packages and communications that do not mislead or deceive. It is apparent, from the growing number of laws, regulations, and guidelines at all levels of government that are being passed to protect consumers, that manufacturers are not meeting consumer expectations. In early 1970, there were more than 150 bills pending in the Senate and House of Representatives that dealt with consumer protection in United State.

President John F. Kennedy spelled out the federal government's role in consumerism in a directive to the Consumer Advisory Council in 1962. In stating the need for more legislation and administrative action to aid consumers, he set forth the basic rights of consumers as (1) the right to safety, (2) the right to be informed, (3) the right to choose, and (4) the right to be heard.<sup>28</sup> President Nixon created an Officer of Consumer Affairs responsible to the White House to coordinate the consumer activities of more than 39 federal government agencies and departments and work closely with state and local government in matters concerning consumers.

Consumerism is pushing forward on all fronts with full government blessing. Even consumer organizations have joined forces, through the Consumer Federation of America, which coordinates the efforts of the 196 consumer organizations that are members and works actively to promote consumer rights. At the present time, enacted and proposed legislation to aid consumers makes it apparent that most consumer gains will come largely through legislation.

### **3.3 Promotion Management's Consumer Responsibilities**

Consumers are demanding more factual information on which to base their purchases, and open communications between firms and their customers, both of which are major concerns of promotion management. Fraudulent and deceptive practices must be eliminated. Information important to the purchase of products and services must be

provided. Lines of communication must be established that allow consumers to present their points of view directly to businesses. All these steps must be taken or government, at all levels, will pass legislation creating more agencies to serve as a counterbalance to business power.

## **PROVIDING FACTUAL PRODUCT INFORMATION**

Most of us have been frustrated in our attempts to meet our needs and wants with products that do not live up to expectations based upon product claims. We also suffer from the lack of factual information on products that are new to us or that we buy infrequently. Is a 10-speed bicycle really worth the price differential over a 3-speed bicycle? Which brand of radial automobile tire is likely to yield the lowest per-mile driving cost? Is a 90 percent solid-state television set a less economical buy than a 100 percent solid-state set when repairs and set life are taken into account? Questions such as these must be answered information provided by promotion is to meet the true needs of consumers.

## **4.0 CONCLUSION**

In this unit, you have been exposed to the consumerism in promoting marketing, as well as in the providing factual product information to the customers and markets.

## **5.0 SUMMARY**

In this unit, you have learnt that:· explain consumerism - a challenge to promotion, explained the Government's role in consumerism and described the Promotion management's consumer responsibilities

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Why is the consumerism - a challenge to promotion
2. Write short note on the Government's role in consumerism
3. Discuss the Promotion management's consumer responsibilities
4. What questions does marketing try to provide answers?

## **7.0 REFERENCES/FURTHER READINGS**

Brown, O.S. (1995). *Post-modern Marketing*, London: Routledge.

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## **UNIT 3    EVALUATING    AND    CONTROLLING    PROMOTION EFFORTS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Evaluating and Controlling Promotion Efforts
  - 3.2 Overall Promotion Measures
  - 3.3 Evaluating Sales Promotion
  - 3.4 Controlling Promotion Programs
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The evaluation and control of promotion is a responsibility of promotion management. The promotion manager must be willing to measure his promotional efforts and make control decisions based on the available information.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- evaluating and controlling promotion efforts
- appraise the overall promotion measures
- evaluating sales promotion
- describe controlling promotion programs
- be able to impart such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Evaluating and Controlling Promotion Efforts**

The major reasons for the evaluation of promotion are to avoid mistakes, to select the best from apparently equal alternatives, to resolve differences of opinion, and to add to store of knowledge bearing on promotion efficiency.<sup>16</sup> Control involves determining standards of performance, measuring actual performance against these standards, and taking any necessary corrective action. Control is continuous process that is carried on during the year and not delayed until corrective action is meaningless.

#### **3.2 Overall Promotion Measures**

##### **NET SALES**

Total net sales (gross sales less returns and allowances) are an important measure of a company's performance. Net sales can be expressed in dollars or units. Net sales by product are commonly used when the company sells more than one product. This year's sales are often compared with last year's and any increase or decrease taken as a barometer of the company's economic health. Likewise, this year's sales can be compared with total sales for each of a number of preceding years to establish a trend line.

Companies commonly compare this year's sales with forecasted sales by month, quarter, or year. Sales can be compared with forecasted sales by sales territory, product, or customer type. The use of sales in this manner is a good starting point for sales analysis. However, the use of total net sales may mask a number of weak points in the company's operation. For example, a company's total sales may be rising each year while the company is losing ground in the marketplace. This can come about because the market for the product is expanding (increasing primary demand) or as the result of inflation. Other measures are needed to guard against the unbridled use of total-sales information.

##### **MARKET SHARE**

A firm can be increasing its sales each year and still be losing ground in the marketplace because it is not maintaining its percentage share of the total market. The use of market-share figures will reveal any such happenings. Market share is commonly expressed as a percentage figure that compares a company's net sales to the total net sales of the industry or the product category. For instance, if an automobile company's total net sales for the United States are \$900 million, and the automobile industry's total net sales are \$54 billion in the same time period, that company's share of the total U.S. automobile market is 1.66 percent. This calculation is made as follows:

$$\text{Market share} = \frac{\text{Total company sales}}{\text{Total industry sales}} = \frac{\$900,000,000}{\$54,000,000,000} = \frac{1}{60} = 1.66\%$$

Companies often calculate their market shares by product and sales territory, since the total-market figure often conceals important information that can be gained by the use of such submarkets. Total industry sales may be secured from trade associations, the federal government, or other sources. A.C. Nielsen Company and the Markets Research Corporation of America are suppliers of data from submarkets. Nielsen prepares and sells market-share reports based upon audits of retail inventories and purchases from a sample of food, drug, and variety stores. Market-share figures can be secured from this service for brands by region, store type, and other categories. The Markets Research Corporation of America (MRCA) uses a panel of house-wives who record their weekly purchases in a diary supplied by the corporation. Through the diary method, MRCA supplies market-share figures by occupation of the head of the household, type of households, and a number of other categories.

Total net sales and market-share figures indicate only the effectiveness of the total marketing program, not its component parts such as the promotion mix. For figures that apply specifically to the promotion mix, we must turn to other measures.

## **COST RATIOS**

Cost ratios are calculated in the same way no matter what type of promotion activity is being studied. Cost ratios, often called expense ratios, are calculated by dividing the dollar amount of the expense to be measured by net sales. For example, if a company's advertising expense is \$5 million and its net sales \$50 million for a particular time period, its advertising-expense ratio is 10 percent. Present ratios can be compared with past ratios, trade-association figures, or government-published data. They are very useful in evaluating a firm's performance, since dollars are converted into percentage figures that lend themselves to study over time.

### **3.3 Evaluating Sales Promotion**

Sales promotion is of such variety and occurs in so many forms that it would be impractical to list pretests, concurrent tests, and posttests for each sales promotion device even if such tests were available. However, many of the tests developed for the other promotion tools can be applied to sales promotion. The following is illustrative of such applications.

### 3.4 Controlling Promotion Programs

Controlling is not a process that a promotion manager begins at the end of a year (or other time period), but rather one that starts at the beginning. Evaluation and control of promotional activities is constantly under way as advertising programs, personal selling efforts, and the like taking place in the field and information is received. Promotion control involves:

- (1) the development of standards of performance for the promotion activity,
- (2) the measurement of actual performance,
- (3) the comparison of actual with standards,
- (4) the determination of the reasons behind any substantial deviations, and
- (5) the taking of any necessary corrective action.

The control process is perhaps most easily explained through an example of controlling a salesman's activities. Assume that the following standards of sales performance for the fiscal year are determined for the salesman in Territory A: (1) a sales quota of N400,000. These figures of N12,000, and (2) a contribution-to-profit quota of N20,000. These figures must be broken down into shorter time periods so that effective control can take place. For the month of January, the sales quota for Territory A is N30,000, expense quota N1,000, and contribution-to-profit quota N1,400.

If, at the end of January, the actual performance is N32,000, N1,200, and N900 respectively, the following analysis can be made:

<b>Standard</b>	<b>Expected</b>	<b>Actual performance</b>	<b>Deviation from quota</b>
<b>Sales quota</b>	N30,000	N32,000	N +2,000
<b>Expense quota</b>	1,000	900	+ 200
<b>Contribution-to-profit quota</b>	1,400	900	500

Obviously, the salesman in Territory A is N2,000 over sales quota, has exceeded his expense quota by N200, and is short on his contribution to profit by N500. However, corrective action should not be taken yet. Perhaps there are good, substantial reasons for deviations from quotas, such as a change in economic conditions in the territory, the opening up of a major new outlet for the product, or a general rise in motel-room prices.

The sales manager needs to determine the reasons behind any substantial deviations before going off half-cocked. If deviations can be explained by reasons outside the control of the salesman, then no corrective action may have to be taken, beyond adjusting quotas to take the new conditions into account. However, if the salesman's performance is found to be at fault, the sales manager should discuss the situation with him and suggest corrective actions. For example, the salesman may be told to patronize lower-rate motels, cut down on entertainment expenses, be more judicious in giving away samples, and so forth. Then, the sales manager should closely watch the salesman's performance against quotas for the following month, which in this case would be February.

#### **4.0 CONCLUSION**

Promotion managers cannot be haphazard in their control activities. Not only company profits are at stake, but the morale of the sales force as well. Salespeople should not be held accountable for circumstances beyond their control, and quotas should be fairly set and agreed upon by each. Controlling is a basic management responsibility, whether it involves advertising, publicity, personal selling, or sales promotion.

#### **5.0 SUMMARY**

In this unit, you have learnt on: evaluating and controlling promotion efforts, appraised the overall promotion measures, evaluating sales promotion and described controlling promotion programs.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Why evaluating and controlling promotion efforts.
2. Appraise the overall promotion measures and evaluating sales promotion.
3. Discuss the controlling promotion programs?

#### **7.0 REFERENCES/FURTHER READINGS**

Brown, O.S. (1995). *Post-modern Marketing*, London: Routledge.

Gronroos, C. (1989). 'Defining Marketing: A Market-Oriented Approach: European Journal of Marketing, 23, 1, pp. 52-60.

See Linus and Ahmed Ogundipe textbook Pg. 136,138-140.

## **UNIT 4 RESEARCH NEEDED ON THE PROMOTION MIX**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Marketing Research
  - 3.2 More Research Needed on the Promotion Mix
  - 3.3 Sales-Effect Research versus Communications-Effect Research
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Promotion is essentially a concept that is applied to changing, driven by contemporary business dynamics that recognize the strategic nature of the resources of an organization to meet the challenging needs of customers on whom the organization depends. Thus, customers' needs are the focal point for all marketing activity. Organizations therefore try to identify these needs and develop products that satisfy customers' needs through research process.

### **2.0 OBJECTIVES**



At the end of this unit, you should be able to:

- develop a strategic awareness of agricultural marketing
- appreciate the elements of agricultural marketing
- understand the concept of agricultural marketing
- be able to impart such knowledge to others.

### **3.0 MAIN CONTENT**

#### **3.1 Marketing Research**

Marketing research has long been recognized as a valuable tool for management decision making in large and medium-sized business firms. For small firms, on the other hand, the practical application of marketing research has been almost non-existent.”

Small firms, due to limited resources and expertise, have generally employed intuition rather than marketing research techniques in their attempt to maximize customer satisfaction. The products and services offered are those that the manager feel will satisfy customers, and rarely does he receive any feedback as to the success of his effort. Many a small businessman has continued to alienate customers with a specific objectionable business practice without realizing that the problem even existed.

#### **Benefit of the marketing research**

Evolving out of a past history of management audit is a customer survey techniques that allows most small business firms to examine five important aspects of their customer relation. Specifically, this method provides the smaller enterprise with a means to:

1. Determine if it is obtaining a reasonable share of the market,
2. Decide if it is carrying product brands best suited to the demands of its specific market.
3. Determine if the price range of the firm’s merchandise is compatible with the demands of the market.
4. Uncover facets of the business that customer find objectionable, and
5. Identify what customers like about the business so these features may be continued and reinforced. As an extra benefit, the survey itself has proven to be an effective advertising technique. Persons surveyed are usually flattered that their opinion are sought, feeling that the firm is striving to offer value and service if it goes to the trouble of measuring customers attitudes. The following are methods in conducting Marketing Research.

## Sampling techniques

The survey technique attempts to obtain as random a sample as possible within practical limitations. Steps in the sampling procedure are as follows:

Draw equally spaced horizontal and vertical lines on a map of the market area. Spacing of the lines should usually range from  $\frac{1}{4}$  to 1 inch depending on the size of the map. Usually more than 100 squares should result from the intersections of the lines. These resulting squares should then be numbered consecutively, eliminating all squares that are business districts and unoccupied land areas.

Determine the percentage of the market to be surveyed. While statistical methods may be used, a more realistic approach for small business firms is to take into consideration cost, time, and size of the market to arrive at a sample size on a judgemental basis. For this type of sample. It is usually a large enough sample to provide sufficiently accurate data while not being too expensive and time-consuming.

On small pieces of paper place numbers from one to the largest number appearing on the consecutively numbered map. A table of random numbers may also be used in place of the numbered slips of paper. From the table of random numbers or the slips of paper, select the numbered squares that are to be used in the sample, in a quantity to the size of the sample.

The members of the research team should be “clean-out” and Courteous. The team should inform customers interviewed that the survey is being performed to measure customer’s opinion as part of the firm’s continuing efforts to better serve the community.

A standardized pattern for selecting household to survey should be established-such as the first house in the selected area. If an interview cannot be conducted at this house-no one at home, refusal to answer the question, etc. – the interview should then proceed to the next house until a survey has been performed in the randomly selected area.

### 3.2 More Research Needed on the Promotion Mix

To date, only limited research has been conducted on the promotion mix. In general, such research has yielded valuable generalizations rather than the hard evidence needed to properly design the promotion mix for marketing varying products under different market conditions. Quantification of the problem has yielded little of practical value because of the large number of assumptions that must be made, regardless of the fact that these assumptions do not usually agree with actual conditions as they are found in the market-place. Businessmen have added little of value to our understanding of the promotion mix, since company records are not usually kept of the different promotion mixes used and their effects on the sales of company products. As practiced today, the design of the

promotion mix for a product or service is still largely an art, and no substantial research is under way to improve its status.

### **3.3 Sales-Effect Research versus Communications-Effect Research**

It is difficult, expensive, and often impossible to evaluate mass-communications tools such as advertising and publicity on the basis of sales results. This is because of the difficulty of crediting a buyer's purchase to a specific promotion activity, since a large number of non-controllable factors, such as competitive reactions, the cumulative effect of promotion activities, and economic conditions, combine to affect the results of company promotion efforts. However, there is a division of opinion among promotion managers as to whether sales effects or communications effects should be measured. Dr. Malcom McNiven of du Pont states the case for measuring sales effects when he says, "...advertising in the last analysis, should be judged on the contribution it makes to sales." People on the opposite side believe that the relationships between sales and advertising are too complicated, uncertain, and complex to measure the direct impact of advertising on sales.

If the vice-president of marketing could have his way in measuring advertising's results, he would probably say, "Measure advertising's relationship to sales and profit. Tell me how it costs." Many advertisers settle for less and measure the communications-effect measurements are any more reliable than sales-effect measurements, because communications is not created exclusively by advertising. Measured changes in communications effects, such as awareness and attitude changes, can be the result of other factors, such as price changes, opinion leadership, and word of mouth. This argument is unlikely to be settled soon, unless computers advance to the point where market conditions can be accurately simulated and advertising campaigns can be pretested with a high degree of confidence.

#### **Survey questionnaire**

A survey questionnaire should consist of two basic sections the Customer Buying Profile and the Customer Store Evaluation.

#### **Analysis survey data**

The customers Buying profile measures the firm's potential share of the market, of products brands to the market, and acceptability of product prices. The customer Store Evaluation measures customers acceptance of various facets of the business.

#### **Customer buying profile**

In order to determine the firm's potential share of the market using the Customer Buying Profile, each individual survey must be analyzed realistically on a judgement basis to measure what part of the customer's total yearly expenditure for each item the firm should be receiving. The total of all item expenditure estimates is a measure of how much the customer would be expected to spend in the store after considering his brand preference, price preference, and reason for purchasing at different stores. A total of all estimates of all survey divided by the total number of surveys will provide an average per household expenditure the firm should expect to receive.

This average per household expenditure multiplied by the total number of household in the market area will produce the total amount of potential sales of the firm. This figure should then be compared to total yearly sales to determine if there is a significant difference, it is important to discover causes of the deviation. Additional information derived in the "profile" and the "evaluation" will identify most of the causes.

In addition, the customer Buying Profile measures the distribution of consumers preference for different product brands and price range in the firm's market area. An analysis of the firm's market and competition helps determine which brands and price lines offer the greatest sales potential for the store.

### **Customer store evaluation**

This section of the questionnaire is designed to determine customer attitude toward the store. Total responses to each individual question are measured separately in terms of patterns of response. Visual observations of the distribution of responses are usually sufficient to identify facets of the firm that produce favourable and unfavourable customer attitudes. Statistical techniques may be utilized in the analysis, but in the past these have usually proved to be of little extra value.

After specific phases of customers' attitudes have been identified, the firm is able to adopt policies and practices, which will ensure retention of the firm's strong features. Techniques can be developed to alleviate the weakness found in customer relations.

## **4.0 CONCLUSION**

In this unit, you have been exposed to correct this situation through research, businessmen and academicians must brand together to study the effects of the promotion tools, singly and in combination, on the successful marketing of products and services. Until substantial resources are committed to this area, little progress can be made predicting the success of various promotion mixes for products or services in today's marketplace.

## **5.0 SUMMARY**

In this unit, you have learnt that:

- i. Marketing is the process of resource mobilization aimed at meeting the changing needs of the customer.
- ii. The elements of marketing concept include needs, exchange, value, customers and markets.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What is the relevance
2. What questions does marketing try to provide answers?

## **7.0 REFERENCES/FURTHER READINGS**

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