

CHAPTER IV

PROMOTIONAL STRATEGIES OF SMALL SCALE INDUSTRIES

INTRODUCTION

American Marketing Association (AMA) defined marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.¹ Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organizational and its stakeholders.²

IMPORTANCE OF MARKETING

Marketing is a key aspect in business since it contributes greatly to the success of the organization. Production and distribution depend largely on marketing. Many people think that sales and marketing are basically the same. These two concepts are different in many aspects. Marketing covers advertising, promotions, public relations, and sales. It is the process of introducing and promoting the product or service into the market and encourages sales from the buying public. Sales refer to the act buying or the actual transaction of customers purchasing the product or service. Since the goal of marketing is to make the product or service widely known and recognized to the market, marketers must be creative in their marketing activities. In this competitive nature of many businesses, getting the product noticed is not that easy.

¹“AMA Board Approves New Marketing Definition”, Marketing News, March 1, 1985, p.1.

²M.Lisa Keefe: “What is the Meaning of ‘Marketing’ ”, Marketing News, September 15, 2004, pp. 17 -18.

Strategically, the business must be centered on the customers more than the products. Although good and quality products are also essential, the buying public still has their personal preferences. If you target more of their needs, they will come back again and again and even bring along recruits. If you push more on the product and disregard their wants and the benefits they can get, you will lose your customers in no time. The sad thing is that getting them back is the hardest part.

MARKETING PROMOTES PRODUCT AWARENESS TO THE PUBLIC

No business possibly ever thought of just letting the people find out about the business themselves, unless you have already established a reputation in the industry. But if you are a start-out company, the only means to be made known is to advertise and promote. Your business may be spending on the advertising and promotional programs but the important thing is that product and company information is disseminated to the buying public.

Various types of marketing approaches can be utilized by an organization. All forms of marketing promote product awareness to the market at large. Offline and online marketing make it possible for the people to be educated with the various products and services.

A company must invest in marketing so as not to miss the opportunity of being discovered. If expense is to be considered, there are cost-effective marketing techniques a company can embark on such as pay-per-click advertisements and blogging.

MARKETING HELPS BOOST PRODUCT SALES

Apart from public awareness about a company's products and services, marketing helps boost sales and revenue growth. Whatever a business is selling, it will generate sales once the public learns about its product through TV advertisements, radio commercials, newspaper ads, online ads, and other forms of marketing. The more people hear and see more of the advertisements, the more they will be interested to buy. If the company aims to increase the sales percentage and double the production, the marketing department must be able to come up with effective and strategic marketing plans.

MARKETING BUILDS COMPANY REPUTATION

In order to conquer the general market, marketers aim to create a brand name recognition or product recall. This is a technique for the consumers to easily associate the brand name with the images, logo, or caption that they hear and see in the advertisements. For example, McDonalds is known for its arch design which attracts people and identifies the image as McDonalds. For some companies, building a reputation to the public may take time but there are those who easily attract the people. With an established name in the industry, a business continues to grow and expand because more and more customers will purchase the products or take advantage of the services from a reputable company.

Marketing plays a very essential role in the success of a company. It educates people on the latest market trends, helps boost a company's sales and profit, and develops company reputation. But marketers must be creative and wise enough to promote their products with the proper marketing tactics. Although marketing is important, if it is not conducted and researched well, the company might just be wasting on expenses and time on a failed marketing approach.

MARKETING COMMUNICATION MIX

Communication can be defined as transmitting, receiving, and processing information.³ The question is not whether to communicate but rather what to say, how and when to say it, to whom, and how often. Marketing communications (MC) are the means by which firms attempt to inform, persuade and retaining consumers – directly or indirectly – about the products and brands they sell. Marketing communication is a collective term for all the various types of planned messages used to build a brand – advertising, public relations, sales promotion, direct marketing, personal selling, packaging, events and sponsorships, and customer services.

³Kenneth E. Clow And Donald E.Baack: “Integrated Advertising Promotion and Marketing Communications”, Pearson Prentice Hall, Dorling Kindersley (India) Pvt Ltd.,2007,P.27.

Marketing communication mix is the selection of MC functions used at a given time as part of a marketing program.⁴

During the 1980s, many companies began taking a broader perspective of marketing communications and seeing the need for a more strategic integration of their promotional tools. Integrated marketing communication is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communications programs over time with consumers, customers, prospects, employees, associates and other target relevant external and internal audiences.

These firms began moving toward the process of integrated marketing communications (IMC), which involve coordinating the various promotional elements and other marketing activities that communicate with a firm's customers. Integrated marketing communication indicates the integration of all marketing communication tools, avenues and sources within an organization into a seamless program that maximizes the impact on consumers and other end users at minimal cost. The goal is to generate both short –term financial returns and build long-term brand and shareholder value.⁵ The seeds of the IMC concept first germinated in 1982 when many companies came to realize the need for a strategic integration of their promotional tools, instead of keeping them in separate silos.⁶ IMC unifies each communication element to deliver consistent messages with one voice, one theme and one strategy. Promotional mix contains the elements like advertising, direct marketing, internet marketing, sales promotion, packaging and personal selling

⁴Tom Duncan: Principles of Advertising and IMC” Tata McGraw Hill Publishing Company Limited, New Delhi, 2nd Edition, 2007, pp. 5 – 6.

⁵Adrienne Ward Fawcett: “Integrated Marketing Marketers Convinced: Its Time Has Arrived”, Advertising Age, November 6, 1993, pp. S1 – 2

⁶Don E.Suhultz: “IMC Receives More Appropriate Definition:., Marketing News”, September 15, 2004, pp. 8 – 9.

The elements of communication mix are : Personal selling, Internet, Advertising, Sales promotion, Direct marketing, public relation / publicity, Events, Unconventional tools and Low control messages like Employee behavior, word-of-mouth, systems and processes.⁷ The various tools of marketing communication consists of advertising, direct mail, point of purchase display, trade or customer promotion, event sponsorship, public relation and publicity and personal selling.⁸

PROMOTIONAL STRATEGIES

A marketer's job is to build a marketing program to achieve a company's objective. For this, he has to design and administer various under Four P's of marketing, namely, product, price, place and promotion. Marketing communication is an important P (also called as promotion) of marketing.⁹

A promotion strategy is an activity that is designed to help boost the marketing of a product or service. It is very important as it not only helps to boost sales but it also helps a business to draw new customers while at the same time retaining older ones. It can be done through an advertising campaign, public relation activities, a free sampling campaign, a free gift campaign, a trading stamp campaign, through demonstrations and exhibitions, through prize giving competitions, through temporary price cuts, and through door-to-door sales, telemarketing, personal sales letters, and e-mails. Promotion is a reward making activity that influences people to buy and consume the products of a marketer. The methods and means of the small scale industrial units are traditional, simple, involve less cost.

⁷George Belch. E And Michael A Belch: "Advertising and Promotion: An Integrated Marketing Communications perspective", 6th Edition, Tata McGraw Hill, New Delhi, 2003, p.9.

⁸Kevin Lane Keller, Op. Cit., pp.823-851.

⁹Kruti Shah And Alan D'souza: Op. Cit., p.51

To be successful such a promotional measure to influence customers, must be effective and adequate to bring desired action from the customers. At present, basically the promotional activities embrace every action on the part of marketer to communicate their product, place, price and promotion activities to their customers economically and effectively to bring desired result, namely, increased sales, profit and customer satisfaction.

IMPORTANCE OF PROMOTIONAL STRATEGIES FOR THE SSI UNITS

The methods and techniques of communicating to consumers of small scale industrial units, though basically similar, vary from other types of industries. Marketing communications are the means by which firms attempt to inform, persuade and remind consumers – directly or indirectly – about the products brands they sell.¹⁰ It embraces every kind of sales promotional strategies adopted by the industrial undertakings to persuade people to buy their products and services. Every one of the small scale industrial units design and administer their own sales promotional strategies to win their vision and mission. In general, marketing calls for more than developing a good product, pricing it attractively and making it accessible. Companies must also communicate with present and potential stakeholders and the general public. The elements of promotional mix contained in integrated marketing communication mix are advertising, direct marketing, interactive / internet marketing, sales promotion, publicity / public relations and personal selling.¹¹ The components of integrated marketing communications include advertising, sales promotion, personal selling, direct marketing, sponsorship marketing, internet marketing, and public relations. According to American Association of Advertising Agencies, Integrated Marketing Communication (IMC) is a concept of marketing communication planning that recognizes the added value of a comprehensive plan.

¹⁰Philip Kotler, et al “ Marketing Management”, Pearson Prentice Hall, Dorling Kindersley (India) Pvt Ltd., 13th Edition, 2009, p. 456.

¹¹George Belch, Michel A Belch And Keyoor Purani, Op. Cit., p.21.

Such a plan evaluates the strategic roles of a variety of communications disciplines and combines these disciplines to provide clarity, consistency and maximum impact through the seamless integration of messages. Marketing communication mix consists of eight major modes of communication, namely, advertising, sales promotion, public relations and publicity, direct marketing, interactive marketing, word-of-mouth marketing and personal selling.¹²

TYPES OF PROMOTIONAL STRATEGIES

Based on the data collected from the present survey, eight activities were identified as the components of sales promotional strategies performed by the small scale industrial units, namely, (i) advertising, (ii) personal selling, (iii) sales promotion, (iv) packaging, (v) direct mail, (vi) event sponsorship, (vii) trade fairs and exhibitions and (viii) point of purchase display. An account of these sales promotional strategies of the sample small scale industrial units of Virudhunagar District is given in the following pages.

I. ADVERTISING

Advertising is a form of communication for marketing and used to encourage, or manipulate an audience (viewers, readers or listeners; sometimes a specific group) to continue or take some new action. In Latin, ad vertere means "to turn the mind toward." The purpose of advertising may also be to reassure employees or shareholders that a company is viable or successful. Advertising is defined as any paid form of non-personal communication about an organization, product, service or idea by an identified sponsor.¹³ Most commonly, the desired result is to drive consumer behavior with respect to a commercial offering, although political and ideological advertising is also common. Advertising messages are usually paid for by sponsors and viewed via various traditional media; including mass media such as newspaper, magazines, television commercial, radio advertisement, outdoor advertising or direct mail; or new media such as blogs, websites or text messages.

¹² Philip Kotler, and others, "Op., Cit., p.479.

¹³ Ralph S. Alexander (1965) ed, "Marketing Definitions", Chicago, American Marketing Association, 1965, p.9.

Commercial advertisers often seek to generate increased consumption of their products or services through "branding," which involves associating a product name or image with certain qualities in the minds of consumers. Non-commercial advertisers who spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and government agencies. Nonprofit organizations may rely on free modes of persuasion, such as a public service announcement (PSA).

Modern advertising was created with the innovative techniques introduced with tobacco advertising in the 1920s, most significantly with the campaigns of Edward Bernays, which is often considered the founder of modern Madison Avenue advertising. In 2010, spending on advertising was estimated at \$142.5 billion in the United States and internationally, the largest ("big four") advertising conglomerates are Interpublic, Omnicom, Publicis, and WPP.

Importance of Advertising

Advertising plays a very important role in today's age of competition. Advertising is one thing which has become a necessity for everybody in today's day to day life, be it the producer, the traders, or the customer. Advertising is an important part. Lets have a look on how and where is advertising important:

1. Advertising is important for the customers

Just imagine television or a newspaper or a radio channel without an advertisement! No, no one can any day imagine this. Advertising plays a very important role in customers life. Customers are the people who buy the product only after they are made aware of the products available in the market. If the product is not advertised, no customer will come to know what products are available and will not buy the product even if the product was for their benefit. One more thing is that advertising helps people find the best products for themselves, their kids, and their family. When they come to know about the range of products, they are able to compare the products and buy so that they get what they desire after spending their valuable money. Thus, advertising is important for the customers.

2. **Advertising is important for the seller and companies producing the products**

Yes, advertising plays very important role for the producers and the sellers of the products, because

- Advertising helps increasing sales
- Advertising helps producers or the companies to know their competitors and plan accordingly to meet up the level of competition.
- If any company wants to introduce or launch a new product in the market, advertising will make a ground for the product. Advertising helps making people aware of the new product so that the consumers come and try the product.
- Advertising helps creating goodwill for the company and gains customer loyalty after reaching a mature age.
- The demand for the product keeps on coming with the help of advertising and demand and supply become a never ending process.

3. **Advertising is important for the society**

Advertising helps educating people. There are some social issues also which advertising deals with like child labour, liquor consumption, girl child killing, smoking, family planning, education, etc. Thus, advertising plays a very important role in society.

(a) Crucial for a launch

Advertising is very crucial for launching (introducing) a new product, service and/or idea in the market. If advertisement of any concerned product, service and/or idea is done properly at a right place, through proper media, and within a specific time constraint, can attract new-customers. This helps to capture the market and increase sales of an advertiser. Advertising is also essential for announcing an upcoming event. Advertising an open invitation maximizes the chances of event attendance. However, if people are unaware of any such happening, they may

not show up. As a result, the event may not get an expected response. Hence, advertising contributes to the success of an event.

(b) Source of revenue

Advertising is a prime source of revenue for publishers of mass-media like newspapers, TV channels, magazines, websites, etc. The input cost involved in processing any valuable information is usually higher than its selling price. A publisher's cost rises due to various data gatherings and information-processing activities like research (investigation), professional writing, editing, proof-reading; publishing in form of printing or digital web hosting, and distribution. Advertising pays publishers their input costs and in return use their media platform as a medium to reach maximum people. Indirectly, because of it, customers of publishers (who are mostly readers and/or viewers) also get an affordable access (or sometimes even a free access) to high-quality information databases. For example, newspapers sell for pennies/paise, although their input costs are very high. Most online websites give free and unlimited access to their information database for 24X7 because their input costs are mostly recovered from sponsors and ad-networks.

Without support of advertising, the publishing industry (both print and digital media) may not survive. For example, today, the U.S. newspaper industry is falling deep due to the emergence of online digital media and plummeting demands for print media. Many newspapers in America are either laying off their staff or totally closing down due to major loss of their advertising revenue, which was primarily earned from classified-ads. The availability of free online classified services like Craigslist has compelled many newspapers to either pack up or adapt to new digital age.

(c) Sales promotion

Advertising is done to promote goods, services, ideas and/or events. Advertising is used for the promotion of goods falling under categories like cosmetics, electronics, eatables, stationary, jewelry, textiles, etc.

1. Services provided under banking, insurance, hospitality, air travel, consultancy, health care, education, etc.
2. Ideas. For e.g., an entrepreneur encourages general public to invest in his business ideas.
3. Events or gatherings like festivals, exhibitions, ceremonies, rallies, etc.

(d) Increases sales

Advertising sparks an interest in masses about advertised products and/or services of its advertiser. This interest creates demand in the market. The growing demand soon results in higher sales. Eventually, the advertiser fulfils his main goal of investing in an advertisement. However, to continue with such a growth in sales, the advertiser must also maintain a good price-quality ratio along with regularly continuing his ad campaigns.

(e) Maximizes profit

Advertising helps in increasing sales and control the cost borne by the advertiser. It helps to widen the gap between his sales and incurred cost. With maximizing sales and lowering cost, the profit of a advertiser grows. Thus, advertising aids in maximizing the profit of its advertiser.

(f) Consumer awareness

Advertising creates awareness by informing consumers.

(i) Awareness: Advertising creates awareness among consumers about an availability of any specific product and/or service in the market. It attempts to convey them why an advertised product and/or service is better than other alternatives currently available in the market.

(ii) Information: Advertising informs a consumer, mainly about; various features, benefits, price and use of an advertised product and/or service. It also gives information about the brand name or trade-mark used, address of a manufacture or a service provider, and other relevant details to the consumer.

While creating awareness and supplying relevant information, advertising ultimately helps a consumer to make a right choice in his or her purchase.

(g) Educate society

Advertising has a remarkable ability to reach masses and educate the society. Therefore, many Governments and even Non-Governmental Organizations (NGO) often take help of advertisements to reach and educate people on important social issues. Creative ads are made in public interest to educate people about family planning, AIDS awareness, saving water and electricity, giving children compulsory education, providing a right kind of nutrition to mother and her new-born infant, abolishing child labour, etc.

(h) Art, Science and Profession

Advertising is all; an art, a science and a profession. Advertising is:

1. Art because it needs creative skills.
2. Science because it depends on systematic and scientific planning.
3. Profession because it's done by professional agencies who follow certain business ethics or a code of conduct.

(i) Demands creativity

Advertising is impossible without creative thinking. In other words, creativity is the essence (main ingredient or soul) of advertising. For an advertisement to be a success, it must have some fundamental aspects or characteristics in it. An advertisement (ad) must be:

1. Creative,
2. Original,
3. Not a copied one,
4. Artistic, and also
5. Attractive to large masses.

To make advertisements more creative and appealing, professional ad-agencies must hire people with creative minds. Preference must be given to those who think 'Out of the box' and are

always ready with their newer concept, jingles, and innovative presentations. “Hello Honey Bunny” is a good example of a creative advertisement. In India, Idea Cellular Ltd. (A mobile service provider) launched an ad-campaign called “Hello Honey Bunny.” This ad was cute, kiddy like, and so addictive that it quickly went viral.

(j) Element of marketing mix

Advertising is an important element of marketing mix. It supports sales promotion. In today's competitive world, it is getting difficult to sale something. Consumers now-a-days are more cautious and better aware about things they buy and use. They do not easily break their loyalty towards their favourite goods and/or service unless and until somethings allure them in unique way and compells them to atleast give a try. It is rightly said, “What they (people) often see and hear; it attracts them, allure their psyche to change their preferences, if it holds them and makes them think consciously, 'this seems trustworthy'; it SELLS.” Developing such a level of attraction is possible only with creative ads and that's the reason why many manufacturers are ready to spend huge money on advertising.

(k) Target oriented

Advertising is target-oriented in nature. Target oriented means to focus on (or target one's attention to) only a specific thing, at one time. In context of advertising, it means to focus on (target), or deliver attention towards, only a specific group or class of consumers. For example, AUDI (German luxury car maker) designs and targets its premium cars to suite comforts, needs, expectations and demands of a rich elite class. In contrast, Maruti Suzuki (Indian car manufacture) mainly targets its fuel-efficient sedan cars to a majority of middle-class groups. Advertising is effective only if it is focused or target oriented.

(l) Persuasion for results

Advertising use persuasion to make people act in the desired direction. Generally, people are persuaded to purchase (buy) products and/or services,

1. Invest in ideas,
2. Attend events, etc.

The persuasion works in the following six stages:

1. Give a creative and compelling presentation of a key message.
2. Grasp people's attention, repeat exposure and stimulate their senses for a quicker recognition.
3. Give comprehension on value (importance) of the message.
4. Gain acceptance (belief) of the message.
5. Make a possible encounter and easy identification (retention).
6. Change people's behavior and let them act (give result) as expected.

(m) Monitor demand and supply

Advertising, if done repetitively, helps in generating higher demand in the market for advertised products and/or service. Rising demand must be met with an equivalent amount of supply of products and/or efficient delivery of services. Proper care must be taken to monitor the demand and supply function, so that none of the demands are skipped. If supply is not made at par with an increasing demand, the market may soon lose confidence and downfall of demand may take place. If this happens, the sale will fall down, and money spent on advertising may not be recovered. This may add to losses. Thus, when advertising results in higher demands, an appropriate supply must be also ready to compensate it. To see that such compensation is done properly, the demand and supply function must be well monitored.

(n) Builds brand's image

Advertising creates goodwill and helps in building a brand's image in the market. Repeated advertisements makes brands very popular. Generally, people tend to show a more trustworthy attitude towards advertised brands over non-advertised ones. Well-known branded products are usually made from high-quality raw-materials and hence are always preferred by most consumers. This increases demand for such products. Rise in popularity and building trust gradually helps to increase the value of the brand. This eventually boosts sales of such branded products. It also increases the reputation of that entity who owns these brands.

(o) Generates employment

Advertising agencies are constantly in search of newer creative ideas to cope with the rising demands from their clients (advertisers). Each ad assignment (project) demands a high-level of mental labour. There are dead lines within which projects must be completed and submitted. Furthermore, the concept of ad must be also welcomed (approved) by the advertiser. Overall, this creates a huge demand of creative people and thus opens new employment opportunities in the field of advertising. Advertising provides employment to deserving candidates who are mainly creative thinkers, directors, artists, graphic designers, sales representatives and managers.

II. PERSONAL SELLING

Personal selling is interpersonal communication in which a salesperson uncovers and satisfies the needs of a customer to the mutual benefit of both.¹⁴ As against advertisement, personal selling carries the messages to the prospects directly. It is more effective way of persuading people. A key disadvantage of personal selling is that it is costly and we have to deal with customers one at a time. This is different from advertising where millions of people see the same advertisement. Advertising is mass selling, not personal selling. Personal selling is divided into three tasks:

Order getting – order getters attempt to increase their firm’s sales by selling to new customers or by convincing current customers to buy more of a company’s products. They are important to a company because they develop new business and are therefore compensated quite well. Salespeople in computer stores or fancy clothing stores are often order getters. Their job is to convince the customer to purchase an expensive computer or a fancy outfit. They need to have persuasive abilities, and they generally receive commissions plus salary. It takes talent to convert prospects into customers and companies are willing to pay people who have this ability.

¹⁴ Barton Weitz, Selling, Burr Ridge II, Irwin, 1995, p.6.

Order getters understand the importance of focusing on benefits and not simply describing features of products.

Order taking – order takers are involved in the routine completion of a sales. They complete the sales transaction and mainly deal with the same or similar customers. A sales clerk in a supermarket is an order taker. They are paid minimum wage and do not have to persuade anyone to buy anything. Example:

In a fancy women's clothing store, the order getter convinces the customer to purchase some very expensive gowns. She will then take the customer with the merchandise to the order taker who will complete the transaction and take care of such matters as payment, delivery, *etc.* A smart retailer does not want to waste an order getter's valuable time with such routine and mundane matters as completing the order.

Support Personnel – Do not make any sales but help facilitate the selling function. There are two major types of support personnel: missionary salespeople and technical specialists. A missionary salesperson for a drug company (*i.e.*, a retailer) will visit physicians and try to convince them to use various drugs manufactured by the company. They do not sell anything and often leave many free samples with the physicians. Technical specialists are necessary when very technical products are sold (*e.g.*, advanced computers). They have the ability to explain how to use the product and its limitations. Some support personnel are sent to retailers to help them with displays and provide advice about promoting the product.

Elements of the Personal Selling Process

No two salespeople use exactly the same selling methods, but many move through a general selling process consisting of seven steps.

A. Prospecting

The first element in the selling process is developing a database of potential customers, or *prospecting*.

1. A salesperson seeks the names of prospects from several sources, including company sales records, trade shows, commercial databases, newspaper announcements, public records, telephone directories, and trade association directories.

(a) Sales personnel also use responses to traditional and online advertisements which encourage interested persons to send in information request forms.

(b) Many salespeople use referrals—recommendations from current customers—to find prospects. A referral has been shown to be as valuable as 12 cold calls.

2. After developing the prospect list, a salesperson evaluates prospects to determine if they are able, willing, and authorized to buy the product.

B. Preapproach

1. Before contacting acceptable prospects, a salesperson finds and analyzes information about each prospect's specific product needs, current use of brands, feelings about available brands, and personal characteristics.

2. The most successful salespeople are thorough in their "preapproach," which involves identifying key decision makers, reviewing account histories and problems, contacting other clients for information, assessing credit histories and problems, preparing sales presentations, identifying product needs, and obtaining relevant literature.

3. The more information about a prospect a salesperson has, the more equipped he or she is to develop a presentation that will precisely communicate with the prospect.

C. Approach

The *approach*—the manner in which a salesperson contacts a potential customer—is a critical step in the sales process because the prospect's first impression of the salesperson may be a lasting one with long-term consequences.

1. During the initial visit, the salesperson strives to develop a relationship rather than just push a product. It may take multiple visits before a sale is made.

- a) The approach must be designed to deliver value to targeted customers.
- b) If the sales approach is inappropriate, the salesperson's efforts are likely to have poor results.

2. Types of Approaches

- a) In the referral approach, the salesperson explains to a prospect that an acquaintance, an associate, or a relative suggested the call.
- b) In the cold-canvas technique, the salesperson calls on potential customers without their prior consent.
- c) In the repeat contact approach, the salesperson mentions a prior meeting.
- d) The type of approach used depends on the salesperson's preferences, the product being sold, the firm's resources, and the prospect's characteristics.

D. Making the Presentation

1. During the sales presentation, the salesperson must attract and hold the prospect's attention, stimulate interest, and spark a desire for the product.

2. Salespeople who carefully monitor the selling situation and adapt their presentations to meet the needs of the prospects are associated with effective performance. Salespeople should match their influencing tactics to their prospects.

3. During the presentation, the salesperson must not only talk but also listen to gain information about the prospect's specific informational needs. Nonverbal communication is also important in building trust.

E. Overcoming Objections

1. An effective salesperson usually anticipates a prospect's objections in order to address and counter them before the prospect has an opportunity to raise them; however, this approach can be risky because the salesperson may mention some objections the prospect would not have raised.

2. If possible, the salesperson should handle objections when they arise. An effective salesperson usually seeks out a prospect's objections to answer them because these may keep the prospect from buying.

F. Closing the Sale

Closing is the stage in the selling process when the salesperson asks the prospect to buy the product(s).

1. During the presentation, the salesperson may use a "trial close" by asking questions that assume the prospect will buy the product.

a) The reactions to such questions usually indicate how close the prospect is to buying.

b) The trial close allows prospects to indirectly indicate that they will buy the product without having to say the difficult words, "I'll take it."

2. A salesperson should attempt to close at several points during the presentation because the prospect could be ready to buy. An attempt to close often serves as an important stimulus to uncover hidden objections.

G. Following Up

1. If attempts to close the sale are successful, the salesperson must follow up the sale.

2. In the follow-up stage, the salesperson should determine if the order was delivered on time and was installed properly; should learn whether the customer has problems or questions about the product; and should determine the customer's future product needs.

Types of Salespeople

Most business organizations use several kinds of salespeople.

A. Order Getters

1. An *order getter* increases sales by selling to new customers and increasing sales to present customers, which is sometimes called "creative selling."

2. Order-getting activities are sometimes divided into two categories.

(a) **Current-Customer Sales**

These sales personnel concentrate on current customers, calling on people and organizations which have purchased products from the firm before.

(b) **New-Business Sales**

These sales personnel are responsible for locating prospects and converting them into buyers.

B. Order Takers

1. An *order taker* primarily seeks repeat sales.

(a) Order takers generate the bulk of many firms' total sales.

(b) Most order takers handle orders for standardized products routinely purchased and do not require extensive sales efforts; however, the role of order takers is changing into one where the order taker must identify and solve problems to better meet the needs of customers.

2. Order takers can be classified into two groups.

(a) **Inside Order Takers**

These salespeople work in sales offices and receive orders by mail, telephone, and the Internet. That does not mean, however, that inside order takers never communicate with customers face to face. Retail salespeople are classified as inside order takers

(b) **Field Order Takers**

These salespeople travel to customers and often develop interdependent relationships with them; they may also be referred to as outside order takers.

C. Support Personnel

Support personnel facilitate selling but usually are not involved solely with making sales.

1. They engage primarily in marketing industrial products, locating prospects, educating customers, building goodwill, and providing service after the sale.

2. There are three common types of support personnel.

(a) **Missionary Salespeople**

Missionary salespeople, usually employed by manufacturers, assist the producer's customers in selling to their own customers.

(b) **Trade Salespeople**

Trade salespeople are not strictly support personnel because they take orders as well. They direct much of their efforts toward helping customers, especially retail stores, and promoting the products. Food producers and processors commonly employ trade salespeople.

c) **Technical Salespeople**

Technical salespeople direct their efforts toward the organization's current customers by giving technical assistance regarding applications of the product, system designs, and installation procedures. Technical sales personnel frequently are employed to sell technical industrial products.

Selected Types of Selling

Personal selling has become an increasingly complex process due in large part to rapid technological innovation; this is changing the roles and personal selling to create new types of personal selling.

A. **Team Selling**

Team selling, which involves the salesperson joining with people from the firm's financial, engineering, and other functional areas, is appropriate for expensive, complex, high-tech business products. These products are so complex that a single salesperson can no longer be expert in all aspects of the product and purchase process.

B. **Relationship Selling**

Relationship selling, also known as consultative selling, involves building mutually beneficial long-term associations with a customer through regular communications over prolonged periods of time. It is especially used in business-to-business marketing and can be enhanced through technology that improves interactive communications.

V. **Managing the Sales Force**

Effective sales force management is an important determinant of a firm's success because the sales force is directly responsible for generating an organization's primary inputs—sales revenue. A firm's reputation is often determined by the ethical behavior of its sales force, making a positive ethical corporate culture imperative.

A. **Establishing Sales Force Objectives**

1. Sales objectives tell salespeople what they are expected to accomplish during a specified period. They give the sales force direction and purpose.

2. Sales objectives should be stated in precise, measurable terms and be specific about the time period and geographic areas involved.

3. Sales objectives are usually established for both the total sales force and each individual salesperson.

(a) Objectives for the entire force are usually stated in terms of sales volume, market share, or profit.

(b) Sales objectives, or quotas, for individual salespeople are commonly stated in terms of dollars or unit sales volume.

B. **Determining Sales Force Size**

1. The size of the sales force affects the firm's ability to generate sales and profits, the compensation methods used, salespeople's morale, and overall sales force management.

2. Several analytical methods are used to determine the size of the sales force.

(a) One method involves determining how many sales calls per year are necessary for the organization to effectively serve customers and then dividing this total by the average number of sales calls a salesperson makes annually.

(b) A second method is based on marginal analysis, in which additional salespeople are added to the sales force until the cost of an additional salesperson equals the additional sales generated by that person.

C. **Recruiting and Selecting Salespeople**

1. *Recruiting* is a process by which the sales manager develops a list of qualified applicants for sales positions.

2. A set of required qualifications should be established by the sales manager before recruiting to ensure that the recruiting process results in a pool of qualified salespeople.

3. A sales manager must determine what set of characteristics best fits his or her company's particular sales tasks.

(a) The sales manager should prepare a job description that enumerates the specific tasks to be performed by salespeople.

(b) The sales manager should analyze the characteristics of the firm's successful as well as ineffective salespeople.

4. A sales manager usually recruits applicants from several sources: departments within the firm, other firms, employment agencies, educational institutions, respondents to advertisements, and individuals recommended by current employees.

5. The process for recruiting and selecting a sales force varies from one company to another, but companies concerned about reducing sales-force turnover are likely to have strict recruiting and selection procedures.

6. Recruitment should be a continuous activity aimed at reaching the best applicants, and it should be a systematic process which effectively matches applicants' characteristics and needs with the requirements of specific selling tasks.

D. Training Sales Personnel

1. Many organizations have formal training programs; others depend on informal, on-the-job training.

2. A sales training program can concentrate on the company, its products, its selling methods, or all three.

3. Training programs can be aimed at newly hired salespeople, experienced salespeople, or both.

4. Sales training may be performed in the field, at educational institutions, in company facilities, and/or by using web-based technology.

(a) In some firms, recently hired salespeople receive the bulk of their training before being assigned to a specific sales position.

(b) Other business organizations put new recruits immediately into the field and provide formal training only after the new salesperson has gained some experience.

(c) Training programs can be as short as several days or as long as three years or more.

(d) Sales management must determine the frequency, sequencing, and duration of these activities.

5. Sales managers often engage in sales training, whether daily on the job or periodically during sales meetings; training may also be provided by outside companies specializing in training.

E. Compensating Salespeople

1. A compensation plan should attract, motivate, and retain the most effective individuals.

(a) It should be designed to give sales management the desired level of control and to provide sales personnel with acceptable levels of income, freedom, and incentive.

(b) It should be flexible, equitable, easy to administer, and easy to understand.

(c) It should facilitate and encourage proper treatment of customers.

2. To create compensation programs, the developers must determine the general level of compensation required and the most desirable method of calculating it.

(a) In analyzing the required compensation level, a firm's sales management tries to ascertain a salesperson's value to the company on the basis of the tasks and responsibilities associated with the sales position.

(b) Sales managers may consider several factors when determining adequate compensation:

(1) Salaries of other types of personnel in the firm

(2) Competitors' compensation plans

(3) Cost of sales force turnover

(4) Non-salary selling expenses

3. To deliver the required compensation, a firm may have one or more of three basic compensation methods.

(a) In a *straight salary compensation plan*, salespeople are paid a specified amount per time period, regardless of selling effort, and this sum remains the same until they receive a pay increase or decrease.

(b) In a *straight commission compensation plan*, salespeople's compensation is determined solely by sales for a given period. A commission may be based on a single percentage of sales or on a sliding scale which involves several sales levels and percentage rates.

(c) In a *combination compensation plan*, salespeople are paid a fixed salary plus a commission based on sales volume.

F. **Motivating Salespeople**

1. A sales manager should develop a systematic approach for motivating salespeople to obtain high productivity.

2. Effective sales force motivation is achieved through an organized set of activities continuously performed by the company's sales management.

3. Sales personnel join organizations to satisfy personal needs and achieve personal goals.

(a) Sales managers must identify those needs and goals and strive to create an organizational climate that allows each salesperson to fulfill them.

(b) Sales contests and other incentive programs can be effective motivators.

4. Properly designed incentive programs pay for themselves many times over, and sales managers are relying on incentives more than ever.

G. **Managing Sales Territories**

The effectiveness of a sales force which must travel to its customers depends on sales management's decisions regarding sales territories.

1. **Creating Sales Territories**

(a) Sales managers usually try to create territories that allow sales potential to be measured,

(b) Sales territories are often selected because they have similar sales potential or require about the same amount of work.

(1) Territories with equal sales potential usually will be unequal in geographic size; this causes salespeople with larger territories to have to work harder and longer to generate a specific sales volume.

(2) Territories which require equal amounts of work will cause salespeople who are totally or partially compensated by commissions to have unequal income potential.

(3) Many sales managers try to balance territorial workloads and earning potential by using differential commission rates.

(c) A territory's size and shape should also help the sales force provide the best possible customer coverage and should minimize selling costs.

2. **Routing and Scheduling Salespeople**

(a) The geographic size and share of a sales territory are the most important factors affecting the routing and scheduling of sales calls, followed by the number and distribution of customers.

(b) Those in charge of routing and scheduling must consider the sequence in which customers are called, specific roads or transportation schedules to be used, number of calls to be made in a given period, and time of day the calls will occur.

(c) In some firms, salespeople plan their own routes and schedules, but in other firms, the sales manager handles the task.

(d) The major goals should be to minimize salespeople's non-selling time and travel expenses and to maximize their selling time.

H. **Controlling and Evaluating Sales Force Performance**

1. To control and evaluate sales force performance properly, sales management needs information, which can be obtained from salespersons' call reports, customer feedback, and invoices.

2. The dimensions used to measure a salesperson's performance are determined largely by the sales objectives the sales manager sets. Indicators of performance used by sales

managers include average number of calls per day, average sales per customer, actual sales relative to sales potential, number of new-customer orders, average cost per call, and average gross profit per customer.

3. To evaluate a salesperson, a sales manager may compare one or more of these dimensions with a predetermined performance standard.

4. After evaluating salespeople, sales managers take corrective action as needed to improve sales force performance.

III. SALES PROMOTION

The term "promotion" is usually an expression used internally by the marketing company, but not normally to the public or the market - phrases like "special offer" are more common. Promotion is one of the market mix elements, and a term used frequently in marketing. It is the specification of five promotional mix or promotional plan. These elements are personal selling, advertising, sales promotion, direct mail marketing, and publicity. A promotional mix specifies how much attention to pay to each of the five categories, and how much money to budget for each.

DEFINITION OF SALES PROMOTION

“Sales promotion includes incentive-offering and interest-creating activities which are generally short-term marketing events other than advertising, personal selling, publicity and direct marketing. The purpose of sales promotion is to stimulate, motivate and influence the purchase and other desired behavioral responses of the firm’s customers.”

Haugh (1983) stated that sales promotion is a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the final consumer with the primary objective of creating an immediate sale.

The master of modern marketing, Philip Kotler noted that sales promotions that mostly last for a short term were composed of a diverse collection of incentive tools that were utilized to motivate consumers to make large amounts of purchase, some of which could be trials, on the certain product in advance and with rapidity. There are plenty more definitions on sales

promotion tools, but they all share a common ultimate goal of directly inducing consumers to purchase in order to enhance immediate sales volume.

History of sales promotion tools

When we trace the origin of sales promotion tools in the modern retail sector, it may all start at middle of the 19th century. In 1853, a hat shop in America held a promotion activity, in which every customer who bought a certain brand of hat was to be offered a photo-taking service for free. As camera was not a common thing at that time, customers felt proud when they showed the photo of wearing the hat to others. Therefore, the activity finally attracted many customers and even people who lived far away came to the shop and bought hats of that brand for its photo-taking promotion. The shop, on the other hand, thus became famous in wake of the successful promotion activity for one of the brands it carried. Later on with creative minds and business savvy, various types of sales promotion tools were introduced in the retail market. In 1980s, the amount of budget used on sales promotion was just similar to that used on advertising. The expenditure on sale promotion has increased over the following 20-30 years and the amount of increment was phenomenal. By the end of the 20th century, according to Cox Direct's 20th Annual Survey of Promotional Practices, many companies spent about three-quarters of the total promotional budget on sales promotion, with the remaining quarter on advertising. Retailers would say advertising provides reasons for purchasing, while sales promotion tools simulate purchase. So, they would like to apply sales promotion tools to target customers for a quick booster of sales, and they would like to have immediate outcomes.

CHARACTERISTICS OF SALES PROMOTION

Writing about sales promotion tools, Prof. Philip Kotler observes – “they have 3 distinctive characteristics.”

1. **Communication:** They gain attention and usually provide information that may lead the customer to the product.
2. **Incentive:** They incorporate some concession, inducement, or contribution that gives value to the consumer.
3. **Invitation:** They include a distinct invitation to engage in the transaction.

Sales promotion offers a direct inducement to act by providing extra worth over and above what is built into the product at its normal price. These temporary inducements are offered usually at a time and place where the buying decision is made. Not only are sales promotions very common in the current competitive market conditions, they are increasing at a fast pace. These promotions are direct inducements. In spite of the directness, sales promotions are fairly complicated and a rich tool of marketing with innumerable creative possibilities limited only by the imagination of promotion planners. Sales promotion is often referred to by the names of 'extra purchase value' and 'below-the-line selling'. Today many companies in almost all sectors offering some sort of a promotion scheme. These sectors range from automobiles to beverages, from financial services to foods, from household durables to services, from household products to business products, from personal care to textiles and apparel.

Categories of sales promotion tools

Philip Kotler outlined thirteen sale promotion tools which included:

1. sample
2. coupon
3. rebates
4. price packs
5. premium
6. frequency programs
7. prizes
8. patronage awards
9. free trials
10. product warranties
11. tie-in promotion
12. cross-promotion
13. point-of-purchase displays and demonstrations

In recent years, there are new sales promotion tools appeared in the market as well as new delivery platforms, such as patronage awards from credit cards and e-coupons via email,

mobile phone and Point-Of-Sale (POS) interactive devices. Currently, the main popular sales promotion tools which are offered by different retail sectors in Hong Kong and Beijing are shown as below:

➤ **Direct price-off / discount**

- A price discount is a temporary reduction of the listed price of the product.

➤ **Coupon** (including printed coupon, e-coupon, and m-coupon)

- Printed coupons, which are available in magazines and newspapers or at the point-of-purchase, or electronic / mobile coupon, which may be downloaded from the internet or email, or via ‘push’ or ‘pull’ SMS, entitle the customer to a reduction of price on certain products.

➤ **Bonus pack / discount for a package**

- Provide additional quantity of product at the regular price in an enhanced package or offer a separate package of product at a discounted price.

➤ **Buy-one-get-one-free offer**

- One more item is offered for free if the customer buys one item of a product at regular price. “Buy-two-get-one-free” and “buy-three-get-one free” are similar tools under the same deployment rationale.

➤ **Free premium / gift / advertising specialties**

- Gift / item offered free in return for the purchase of one or more products.

➤ **Joint / tie-in promotion**

- Another product is offered for free or at a discount upon purchasing of a particular product.

➤ **Stamp redemption**

- Stamp accumulations from repeat purchasing for discount, collectible premium or gift.

➤ **Contest, game and sweepstake**

- Games, activities, competitions and lucky draws are offered upon purchase of a certain product or arriving at a certain amount of values.

➤ **Membership program**

- Discount or free product rewards are offered upon joining the membership program; members are later on entitled to certain privileges (such as additional discounts or priority services, etc).

➤ **Patronage rewards from credit card**

- Points accumulations on credit card for discount, gift redemption, or cash refunds. Patronage rewards from Octopus card (for Hong Kong only)
- Points accumulations on Octopus card for discount, gift redemption, or cash refunds.

➤ **Free sample**

- Provides consumers a free small portion of a product, usually new to the market, for trial.

Some researchers have attempted to classify sales promotion tools into several categories. Dommermuth (1989) suggested two types of sales promotion categories by the incentive types. One was from economic incentive, including discount, coupon and rebates, while another was from psychological incentives, including premium and sweepstake. Shimp (1990) categorized sales promotion tools based on timing given by sale incentives, instant and postponed sales promotion tools. Discount, premium, and bonus pack were grouped as instant sales promotion tools, while coupon, sweepstake, and rebates were grouped as postponed sales promotion tools. Campbell and Diamond (1990) grouped two varieties of sales promotion, monetary sales promotion and nonmonetary sales promotion.

Discount and rebates are the examples of the incentive for monetary sales promotion which enable influencing reference price. Premium and trial offers are the examples of incentive for nonmonetary sales promotion, which is regarded as an extra benefit and is not able to influence reference price.

Classifications	Examples of sales promotion tools
Economic incentive	Discount, coupon and rebates
Psychological incentive	Premium and sweepstake
Source: Dommermuth (1989)	
Instant	Discount, premium and bonus pack
Postponed	Coupon, sweepstake and rebates
Source: Shimp (1990)	
Monetary	Discount and rebates
Nonmonetary	Premium and trial offers
Source: Campbell and Diamond (1990)	

Purposes of sales promotion tools

In general, the purposes of retailers in deploying various sales promotion tools are as follows:

- stimulate customers' desire of immediate purchasing;
- generate short-term increase in sales on a certain product;
- increase flow of customers;
- encourage repurchases;
- stimulate consumers' desire to try out new product;
- attract new customers and encourage brand switching;
- enhance retailers' competitiveness and secure market share;
- retain and reward existing loyal customers, in order to further customers' loyalty;
- promote retailers / brands' name and reputation;
- reinforce retailers / brands' image; and
- match corporate plans through temporary incentives.

Discount is well-documented to be an effective sales promotion tool for increasing immediate sales volume. Bonus pack (Ong, 1999), specialty advertising (Lee, 2002) and continuity programs (Ong, 1999), are treated as useful tools to encourage large purchases or repeat purchases. In addition, sampling and trial offers, coupon and rebates motivate consumers' purchases of new products.

Sales promotion acts as a competitive tool which provides consumers an extra incentive to purchase one brand over the others at one retailer over the others. Now, sales promotion has become an integral part of the marketing strategies of many retailers, and the successful deployment and implementation of sales promotion tactics at the right time can lead to substantive growth in sales transactions and sales revenues.

Sales promotion includes several communication activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

A promotional plan can have a wide range of objectives, including: sales increases, new product acceptance, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image. Sales promotions are another way to advertise. Sales promotions are double

purposed because they are used to gather information about what type of customers you draw in, and where they are, and to jumpstart sales. Promoters use internet advertisement, special events, endorsements, and newspapers to advertise their product. Many times with the purchase of a product there is an incentive like discounts, free items, or a contest. This is to increase the sales of a given product. Sales promotion stands for all the other forms of promotion made by marketer to induce customers to buy their products or services. It is a communication tool that adds value to a product or service with the intention of encouraging people to buy now rather than at some point in the future.¹⁵ Sales promotion is concerned with offering customers additional value, in order to induce an immediate sale.

Sales promotion is defined as **demand –stimulating devices** designed to supplement advertising and facilitate personal selling.¹⁶ Sales promotions include things like contests and games, sweepstakes, product giveaways, samples, coupons, loyalty programs, and discounts. The ultimate goal of sales promotions is to stimulate potential customers to action. There are different ways to promote a product in different areas of media.

Fundamentally, however, there are three basic objectives of promotion. These are

- To present information to consumers as well as others.
- To increase demand.
- To differentiate a product.

Sales promotion is one of the seven aspects of the promotional mix. (The other six parts of the promotional mix are advertising, personal selling, direct marketing, publicity/public relations, corporate image and exhibitions.) Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

¹⁵Paul Baines, Chris Fill And Delly Page: “ Marketing”, Oxford University press New Delhi, 2009, ISBN-13: 978 -0-19-806330-8, p.845.

¹⁶Michael J Etzel, Bruce J Walker, William J Stantion And Ajay Pandit: Marketing., Tata McGraw Hill Education Private Limited, New Delhi, 2010, ISBN 13:978-0-07-015156-7, p.585

Sales promotions can be directed at either the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotions. Some sale promotions, particularly ones with unusual methods, are considered gimmicks by many.

Consumer sales promotion techniques

- Price deal: A temporary reduction in the price, such as 50% off.
- Loyal Reward Program: Consumers collect points, miles, or credits for purchases and redeem them for rewards.
- Cents-off deal: Offers a brand at a lower price. Price reduction may be a percentage marked on the package.
- Price-pack deal: The packaging offers a consumer a certain percentage more of the product for the same price (for example, 25 per cent extra).
- Coupons: coupons have become a standard mechanism for sales promotions.
- Loss leader: the price of a popular product is temporarily reduced in order to stimulate other profitable sales.
- Free-standing insert (FSI): A coupon booklet is inserted into the local newspaper for delivery.
- On-shelf couponing: Coupons are present at the shelf where the product is available.
- On-line couponing: Coupons are available online. Consumers print them out and take them to the store.
- Mobile couponing: Coupons are available on a mobile phone. Consumers show the offer on a mobile phone to a salesperson for redemption.
- Online interactive promotion game: Consumers play an interactive game associated with the promoted product.
- Rebates: Consumers are offered money back if the receipt and barcode are mailed to the producer.

- Contests/sweepstakes/games: The consumer is automatically entered into the event by purchasing the product.
- Sampling: Consumers get one sample for free, after their trial and then could decide whether to buy or not.

Trade sales promotion techniques

Trade allowances: short term incentive offered to induce a retailer to stock up on a product.

- Dealer loader: An incentive given to induce a retailer to purchase and display a product.
- Trade contest: A contest to reward retailers that sell the most product.
- Point-of-purchase displays: Used to create the urge of "impulse" buying and selling the product on the spot.
- Training programs: dealer employees are trained in selling the product.
- Push money: also known as "spiffs". An extra commission paid to retail employees to push products.
- Trade discounts (also called functional discounts): These are payments to distribution channel members for performing some function.

Sales promotion consists of a diverse collection of incentive tools to elicit a quicker or greater consumer purchases in a short period of time. Here are some examples: direct discount, coupon, bonus pack, buy-one-get-one-free offer, free premium, stamp redemption, contest, game and sweepstake, and free sample. The sales promotional strategies of small scale industrial units embrace all the activities undertaken to communicate and induce the prospective customers to buy their products.

IV. PACKAGING

Packaging is meant for serving several vital purposes, namely, protect the product on its way to the consumers, protect the product after it is purchased, help persuade middlemen to accept the product and help persuade consumers to buy the product.

Packaging involves designing and producing the container or wrapper for a product.¹⁷ The two main roles of packaging have to perform are functional and communicative. Functional role relates to the protection of products throughout the flow of goods from producer to consumers even after consumption. The communication role brings messages from producer to consumers that influence the purchase decision and consumption.¹⁸

Packaging is defined in the regulations as "all products made of any materials of any nature to be used for the containment, protection, handling, delivery and preservation of goods from the producer to the user or consumer."

The purposes of packaging

Packaging and package labeling have several objectives

Physical protection – The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration, electrostatic discharge, compression, temperature, etc.

Barrier protection – A barrier from oxygen, water vapor, dust, etc., is often required. Permeation is a critical factor in design. Some packages contain desiccants or Oxygen absorbers to help extend shelf life. Modified atmospheres or controlled atmospheres are also maintained in some food packages. Keeping the contents clean, fresh, sterile and safe for the intended shelf life is a primary function.

Containment or agglomeration – Small objects are typically grouped together in one package for reasons of efficiency. For example, a single box of 1000 pencils requires less physical handling than 1000 single pencils. Liquids, powders, and granular materials need containment.

¹⁷Philip Kotler, Gary Armstrong, Prafulla Y Agnihotri And Ehsn UI Haque: Principle of Marketing, 13th Edition, Pearson Prentice Hall, Noida, 2010 ISBN-978-81-317-3101-7, p.199.

¹⁸Paul Baines, Chris Fill and Kelly Page, "Marketing", Oxford University press New Delhi, 2009, ISBN-13: 978 -0-19-806330-8, pp.383-384.

Information transmission – Packages and labels communicate how to use, transport, recycle, or dispose of the package or product. With pharmaceuticals, food, medical, and chemical products, some types of information are required by governments. Some packages and labels also are used for track and trace purposes.

Marketing – The packaging and labels can be used by marketers to encourage potential buyers to purchase the product. Package graphic design and physical design have been important and constantly evolving phenomenon for several decades. Marketing communications and graphic design are applied to the surface of the package and (in many cases) the point of sale display.

Security – Packaging can play an important role in reducing the security risks of shipment. Packages can be made with improved tamper resistance to deter tampering and also can have tamper-evident features to help indicate tampering. Packages can be engineered to help reduce the risks of package pilferage: Some package constructions are more resistant to pilferage and some have pilfer indicating seals. Packages may include authentication seals and use security printing to help indicate that the package and contents are not counterfeit. Packages also can include anti-theft devices, such as dye-packs, RFID tags, or electronic article surveillance tags that can be activated or detected by devices at exit points and require specialized tools to deactivate. Using packaging in this way is a means of loss prevention.

Convenience – Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, reclosing, use, dispensing, reuse, recycling, and ease of disposal

Portion control – Single serving or single dosage packaging has a precise amount of contents to control usage. Bulk commodities (such as salt) can be divided into packages that are a more suitable size for individual households. It also aids the control of inventory: selling sealed one-liter-bottles of milk, rather than having people bring their own bottles to fill themselves.

Packaging types

Packaging may be looked at as being of several different types. For example, a transport package or distribution package can be the shipping container used to ship, store, and handle the product or inner packages. Some identify a consumer package as one which is directed toward a consumer or household. Packaging may be described in relation to the type of product being

packaged: medical device packaging, bulk chemical packaging, over-the-counter drug packaging, retail food packaging, military materiel packaging, pharmaceutical packaging, etc. It is sometimes convenient to categorize packages by layer or function: "primary", or "secondary".

(a) Primary Packaging:

Primary packaging is the material that first envelops the product and holds it. This usually is the smallest unit of distribution or use and is the package which is in direct contact with the contents.

(b) Secondary Packaging:

Secondary packaging is outside the primary packaging, perhaps used to group primary packages together.

(c) Tertiary Packaging:

Tertiary packaging is used for bulk handling, warehouse storage and transport shipping. The most common form is a palletized unit load that packs tightly into containers.

These broad categories can be somewhat arbitrary. For example, depending on the use, a shrink wrap can be primary packaging when applied directly to the product, secondary packaging when combining smaller packages, and tertiary packaging on some distribution packs.

V. DIRECT MAIL

The term "direct mail" is used to refer to communications sent to potential customers or donors via the postal service and other delivery services. Direct mail is sent to customers based on criteria such as age, income, location, profession, buying pattern, etc.

Direct mail marketing involves sending an offer, announcement, reminder or other items to a person at a particular physical or virtual address. Direct mail is well suited to direct, one to one communication. It permits high target-market selectivity, can be personalized, flexible, and allows easy measurement of results.¹⁹ In many developed countries, direct mail represents such a significant amount of the total volume of mail that special rate classes have been established. In

the United States and United Kingdom, for example, there are bulk mail rates that enable marketers to send mail at rates that are substantially lower than regular first-class rates. In order to qualify for these rates, marketers must format and sort the mail in particular ways – which reduces the handling (and therefore costs) required by the postal service. In the US, marketers send over 90 billion pieces of direct mail per year. Advertisers often refine direct mail practices into targeted mailing, in which mail is sent out following database analysis to select recipients considered most likely to respond positively. For example, a person who has demonstrated an interest in golf may receive direct mail for golf-related products or perhaps for goods and services that are appropriate for golfers. This use of database analysis is a type of database marketing. The United States Postal Service calls this form of mail "advertising mail" (admail for short). Direct mail includes advertising circulars, catalogs, free-trial CDs, pre-approved credit card applications, and other unsolicited merchandising invitations delivered by mail to homes and businesses. Bulk mailings are a particularly popular method of promotion for businesses operating in the financial services, home computer, and travel and tourism industries.

VI. SPONSORSHIPS

“Sponsorship can be defined as, supporting an event, activity or organisation by providing money or other resources that is of value to the sponsored event”²⁰. This is usually in return for advertising space at the event or as part of the publicity for the event. Now-a-days, business firms are using different forms of sponsorship activities to generate awareness, brand associations and to cut through the clutter of commercial messages.

¹⁹Philip Kotler, and others, Op. Cit., p.419.

²⁰Paul Baines, Chris Fill and Kelly, Op. Cit., p. 500.

There are many kinds of sponsorship:

- **Television and radio programme sponsorship.** The increasing fragmentation of television in the UK through new digital channels is providing many more opportunities for sponsorship of this kind
- **Sports sponsorship:** major sporting events have the advantage of being attended and (more importantly) watched by large numbers of people. They also attract significant media coverage.
- **Arts sponsorship;** arts events or organisations are not as well attended as sports events but are often regarded as more “worthy” and more in keeping with the image of certain businesses and brands.
- **Educational sponsorship;** this can take several forms from the sponsoring of individual students at college through to the provision of books and computers, nationwide using the redemption of product or store-related vouchers.

There are four main sponsorship areas: sports, programme / broadcast, the arts, and other that encompass activities such as wild life / conservation and education.

VII. TRADE FAIRS AND EXHIBITIONS

The word "exhibition" is usually, but not always, the word used for a collection of items. Sometimes "exhibit" is synonymous with "exhibition", but "exhibit" generally refers to a single item being exhibited within an exhibition.

Exhibitions and trade shows are the integral element of the marketing communication mix meant for meeting friends, customers, suppliers, competitors and prospective customers. The participating organizations benefit from developing relationships, demonstrating products, building organizations benefit from developing relationships, demonstrating products, building industry-wide credibility, placing and taking order, generating leads and gathering marketing information.

It is an important sociological and ritualistic event in the communication calendar for many companies.²¹ An exhibition, in the most general sense, is an organized presentation and display of a selection of items. In practice, exhibitions usually occur within museums, galleries and exhibition halls, and World Fairs. Exhibitions include [whatever as in major art museums and small art galleries; interpretive exhibitions, as at natural history museums and history museums], for example; and commercial exhibitions, or trade fairs.

Exhibitions may be permanent displays or temporary, but in common usage, "exhibitions" are considered temporary and usually scheduled to open and close on specific dates. While many exhibitions are shown in just one venue, some exhibitions are shown in multiple locations and are called travelling exhibitions, and some are online exhibitions. Though exhibitions are common events, the concept of an exhibition is quite wide and encompasses many variables. Exhibitions range from an extraordinarily large event such as a World Fair exposition to small one-artist solo shows or a display of just one item. Curators are sometimes involved as the people who select the items in an exhibition. Writers and editors are sometimes needed to write text, labels and accompanying printed material such as catalogues and books. Architects, exhibition designers, graphic designers and other designers may be needed to shape the exhibition space and give form to the editorial content.

VIII. POINT OF PURCHASE DISPLAY

The manufacturer marketer provides many materials for display in the retail outlets that induce customers visiting the shop. In many cases, the attractive display of packages, hangings, and standouts at retail shops influence the customers to buy a product to service. A point-of-sale display (POS) is a specialized form of sales promotion that is found near, on, or next to a checkout counter (the "point of sale") and the previous conveyor belt. It is intended to draw the customers' attraction to products, which may be new products, or on special offer, and are also used to promote special events, e.g. seasonal or holiday-time sales.

²¹ Ibid., p.835.

Point of purchase promotion includes displays and demonstrations that take place at the point of sale.²²

POS displays can include shelf edging, dummy packs, display packs, display stands, mobiles, posters, and banners. POS can also refer to systems used to record transactions between the customer and the commerce.

Consumer goods and services are getting more sophisticated these days. Different varieties of products and services addressing varying consumer needs are presented in an increasingly competitive market place, going beyond the traditional efficacy claims of the lower spectra of the Maslow's needs hierarchy. The present researcher during the preliminary study gathered data of different promotional activities undertaken by various small scale industrial units in Virudhunagar District.

²²Philip Kotler et al., Op. Cit., pp.407 – 408.