

Promotion Strategies

Marketing communications or promotion helps marketers communicate information to potential customers about the product's existence, value and the benefits that can be accrued from it. It comprises one of the four elements of the marketing mix. Designing an effective marketing communication mix helps marketers to attract, persuade, urge and remind customers of the company's brands. There are now a larger number and greater diversity of communication options available. By integrating the various communication options, a marketer develops an integrated marketing communication programme.

Communication and Promotion Process

In the marketing communication process, a sender sends the encoded message through a medium for a receiver to receive and decode. Normally, the marketing communication process has some form of feedback. The word 'promotion' was originated from Latin. In Latin 'pro' means forward and 'movere' means to push. Thus, promotion means to push forward. Similarly, advertising means 'to turn towards.' So, these two terms stand for pushing forward the product and turning towards the customers.

The communication process consists of the following components:

Communication source: The communication process starts when an individual, group of individuals or an organization wants to communicate some message to the target audience. Therefore, the sender of the message is the source of communication.

Receiver: The receiver, the destination of the communicated message, receives the message transmitted by the sender. The manner in which the communication is received is dependent on the perception of the receiver.

Coding process: The coding process involves selection of the right amount of information, the type of information and the organization of information that has to be sent to the receiver. The sender has to ensure that the right amount of information is communicated to the receiver. Too much information may confuse the receiver and too little may not serve the sender's purpose in communicating it.

Medium of transmission: The medium of transmission is the interface between the sender and the receiver. It acts as a carrier of information from the source to the destination. The marketing department of an organization must choose the medium of communication on the basis of the type of information that has to be communicated, the location of the receiver/s, speed of the medium, etc.

Decoding process: Decoding is the process in which the receiver analyzes or interprets the information that has been sent by a sender. The decoding process is successful only when the receiver interprets the message as it was intended to be interpreted by the sender.

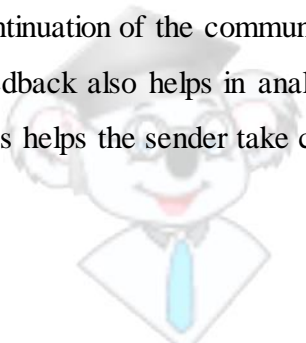
Noise: Noise is the disturbance or interference caused during the coding, transmission and decoding process. Noise may spoil the entire communication process. It disturbs the intended message, which therefore may not be perceived by the receiver accurately. The noise can be of many types:

- **Technically caused noise:** when the message gets distorted during transmission due to a technical defect like an **improper telephone connection or bad picture quality**
- **Physical:** like children in the family making noise while the receiver is watching television advertisements.
- **Social noise:** causes disturbance in the message transmission due to social imbalance; **product endorsement by a tainted celebrity would not be considered**

credible, the reason why Jadeja has never been in any promotion after betting allegation

- **Psychological noise:** arises because of emotional state of an individual; **a customer angry for some other reasons could misinterpret any marketing communication**
- **Semantic noise:** arises when the receiver fails to understand the meaning of message; **rural customers may not be able to understand advertisements in English**

Feedback: Feedback is an important step in the communication process, as it helps in the continuation of the communication process and forms the basis for further communication. The feedback also helps in analyzing the way in which the receiver interprets the information and thus helps the sender take corrective action, if necessary.



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Promotional Tools

1. Advertising: Advertising is a paid form of non personal presentation of goods or services by an identified sponsor. It can be done using any form of media like television, radio, print media, etc. The major advantage of advertising is its ability to reach a large audience at a very low cost.

Since the customers may get bored with the conventional marketing style of pampering and hackneyed push approach, marketers should keep the customers guessing and interested by launching advertising campaigns that puzzle, tease and arouse the interest of customers.

2. Sales Promotion: It is a form of attracting the consumers by offering them various benefits in the form of incentives or by adding value to the products. Sales promotions are generally aimed at resellers and final consumers. The various kinds of sales promotional tools include coupons, discounts, rebates, samples, etc. Although sales promotion is often considered a short-term tool to achieve immediate benefits in the form of increased sales, sales promotional activities like event sponsorships, trade shows and such are used for attaining long-term benefits in the market.

3. Publicity: It is a non-paid form of communicating information about the company or the product or both as a news article in newspapers or television or radio. The rationale behind this is the fact that people attach a lot of importance to news articles and read them with greater attention as compared to advertisements in newspapers since they perceive news report to be more credible.

4. Public Relations: It is essentially a function of an organization, where it tends to develop and manage its goodwill in the market. The primary aim is to create a suitable environment and a positive opinion about the firm in the market through appropriate communications. An organization can develop its public relations with several member groups such as suppliers, customers, employees, the government, shareholders, distributors, members of the public, etc.

5. Personal Selling: It is the form of selling a product or a service directly to the consumer by explaining or demonstrating the features of the product to him/her. It is the most effective way of communicating a company's marketing message, because it involves direct interaction between the marketer and the customer. However, The costs involved are high as the salesperson has to personally meet every potential customer and hence is usually implemented for high cost products and services that need detailed demonstrations of product usage and have limited target markets.

6. Direct Marketing: Here, organizations communicate directly with the customers through mail or telemarketing or marketing through the Internet. The greatest advantage of direct marketing is that it is highly cost effective and gives the maximum mileage.

POINT TO BE NOTED: Direct marketing facilitates “disintermediation”, i.e. direct despatch from the manufacturer to end user without involving any intermediary; hence the name ‘direct’ is used here. However, it may not involve one-to-one communication with customer, which is a prominent feature of personal selling. Hence, direct marketing and personal selling may not be intermingled. Teleshopping channels like **Asian Sky Shop** involve direct marketing (since no shops are available), but not personal selling since they use television, a mass media as communication channel. On the contrary, insurance companies such **HDFC Standard Life** must facilitate personal level communication with each policy holder (i.e. personal selling), but may appoint corporate brokers defying the very concept of direct marketing. However, **Eureka Forbes** involves both personal selling (door-to-door demonstration) and direct marketing (unavailability of alternative purchase points except company-appointed salespeople).



Advertising

According to the Institute of Practitioners in Advertising (IPA), the trade body and professional institute of advertising agencies in the UK, advertising is the means of providing the most persuasive possible selling message to the right prospects at the lowest possible cost. In simple words, advertising is a paid form of non-personal presentation of goods or services by an identified sponsor to reach out to maximum number of audiences. Individuals and business firms promote their goods, services, ideas, issues, corporate messages and people through advertisements. Advertising messages can be conveyed to the target audience through a wide range of media.

Benefits of Advertising

- Advertisements create awareness, interest and desire for products and services in customers to buy them.

- Advertising is cost efficient as advertisements can reach a vast number of audiences simultaneously.
- The message can be repeated several times, thereby creating an impact on the mind of a customer; **Airtel voice SMS**
- Advertising a product in a certain way can add to its value; **Ujala violet-coloured detergent liquid**
- It helps in boosting the sales of the company.
- Advertising reassures the customer about the purchase decision, thus helping in reducing the post purchase dissonance, if any.
- Advertising helps in changing the customer's perception of a product.
- It supports the activities of the distribution network of the firm by creating demand and encouraging purchase through pull strategy.
- It helps in making the job of the sales force easier, by creating awareness among potential customers.
- Advertisements help in offsetting the competitors' campaigns; **Pepsi's “Nothing official about it” responding to Coca-Cola's punch line during 1996 cricket world cup, “The official soft drink of the world cup”**
- Advertising can be very expressive and therefore, can dramatize the whole concept; **Kinley's TV commercial with baseline “Boondh Boondh Mein Vishwas” (confidence in every drop) is a dramatization of its purity**
- Advertisements also help in building a strong image of a product or brand, apart from increasing its sales.

Advertising Planning and Decision-making

The success of advertisements depends on whether the purpose of an advertisement is well served by pulling customers in to buy the product. The steps to be followed are:

1. Define the goals: Before you create an advertisement, consider the following questions:

- Who is the target audience?
- What do they expect from it?
- What media will be used?
- What methods should be employed to measure its effectiveness?

2. Select the audience: If you are customising a product or service, know your target audience, and design your advertisement accordingly.

3. Set the objectives: Before creating an advertisement, set yourself a goal. For instance, "I want my customers to do carry out this action after they see the ad." Thereafter, divert your efforts to create an advertisement that achieves the goal.

4. Use graphics: Use graphics that complements the objectives and message of your advertisement and adds character and life to it. However, poor usage of graphics could ruin your advertisement.

But before starting on any ad campaign, the first step is to have advertising brief at hand. This discusses in detail the elements required to make an effective ad. A sample of the brief follows:

1) Checklist for the advertising brief:

- Key characteristics of the brand/product
- Market and brand performance
- Competitive analysis
- Previous advertising activities: when, where, budget, copies of ad
- Media preferences
- Seasonality, regionality and timing of campaign/ad

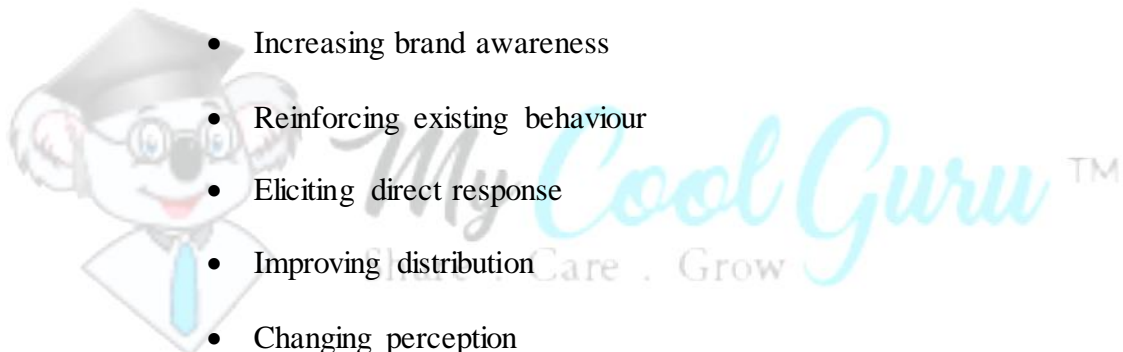
2) Advertising brief contents:

- Campaign requirement: new, existing or one already worked upon

- Target audience: demographics, lifestyle, product usage/attitudes
- Purpose of this ad campaign
- The single-minded proposition
- Substantiation for proposition
- Mandatory inclusions: logos, tag line, phone/fax numbers
- Mood/tone of the advertisement
- Timing of creative/media work to client

3) Purpose of advertising:

State clearly the intention, or the desired results immediately, in the short run and long run. Some of these could be:

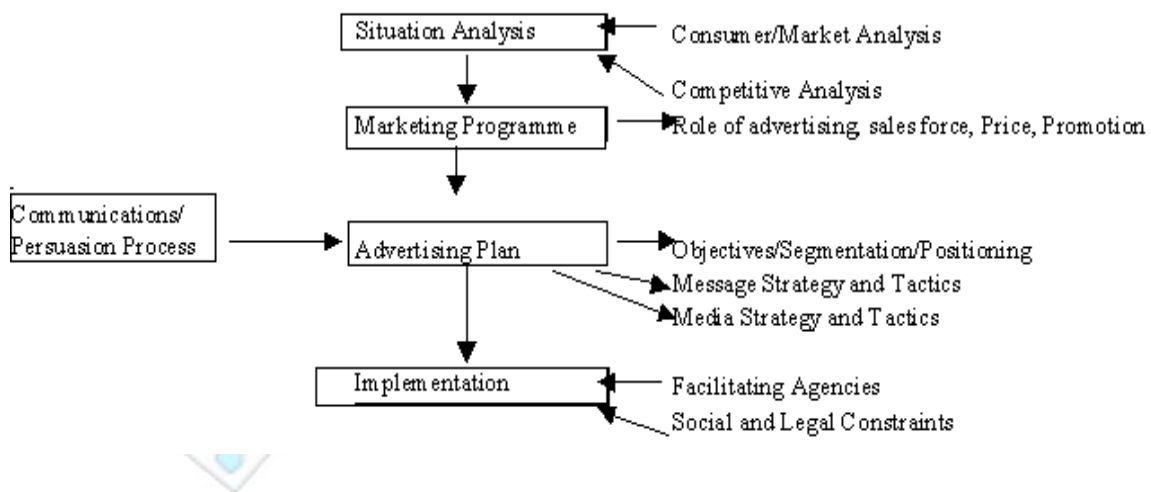
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- Increasing brand awareness
 - Reinforcing existing behaviour
 - Eliciting direct response
 - Improving distribution
 - Changing perception
 - Imparting information
 - Developing attitudes
 - Inducing action beneficial to the advertiser (generally the purchase of a product or service)

4) Single-minded proposition and substantiation

The single most motivating differentiating factor you can think of. These include:

- Product characteristics - ingredients, texture
- Price characteristics - lasts longer, cheaper
- Image characteristics - quality, good value, friendly
- Direct comparison with competitors
- How the product is made

The framework for advertising planning and decision making is given below:

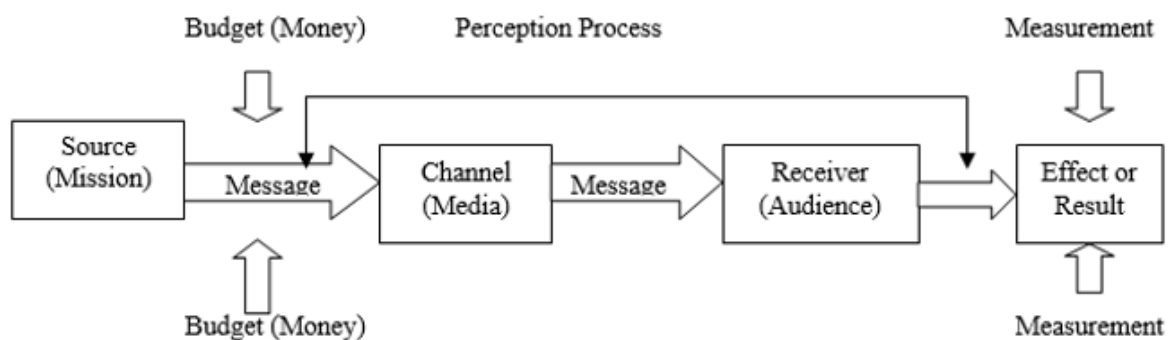
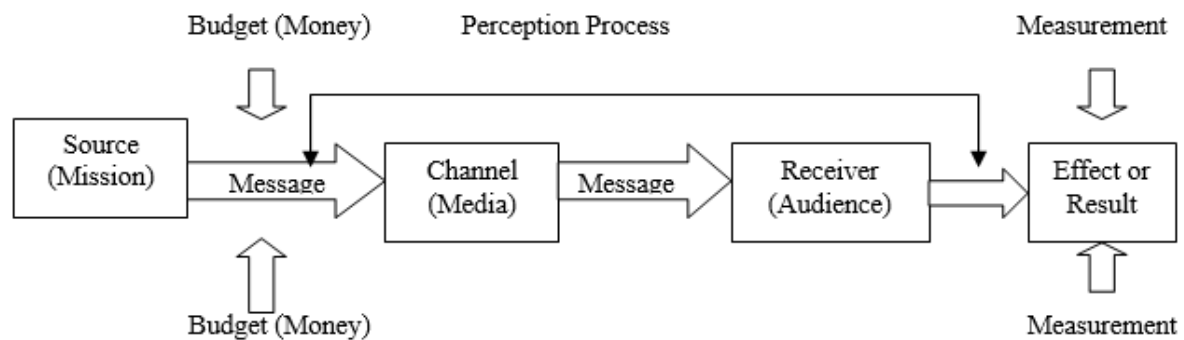


There are 5 major decisions involved in developing advertising programmes known as **5M**.

These are:

- Mission: What are the advertising objectives and goals? (Objectives)
- Money: How much can be spent? (Budget)
- Message: What should be communicated? (Communication)
- Media: What should be media vehicle? (Placement)
- Measurement: How should the results be evaluated? (Evaluation)

The coherence of 5M-decision hierarchy to basic communication model



It is clear from above model that an advertisement is the channel through which the sponsor communicates its message. The encoded message reaches recipients, through advertising or salespeople, who then decode and absorb it either fully or partly. The quality of the transmission can be distorted by 'noise' occurring because the receiver does not interpret the message in the way that the source intended. This might be due to differences in the cultural backgrounds of the two parties or because of cognitive dissonance, which occurs when the message does not agree with what people previously believed.

Dissonance may cause a number of different reactions by the receiver:

1. Rejecting the message
2. Ignoring the message
3. Altering the previous opinion
4. Searching for justifications

The first two reactions are negative and the source may change the message or stop communicating altogether with a particular receiver who is not receptive to the source's ideas. It can, therefore, be seen that advertising does not always convert people into users of a particular product. It can have a positive effect in preventing loss of users and increasing their loyalty

Sales Promotion

The definition of sales promotion as given by the American Marketing Association (AMA) is, “In a specific sense, sales promotion includes those sales activities that supplement both personal selling and advertising and coordinate them and make them effective, such as displays, shows, demonstrations and other non-recurrent selling efforts not in the ordinary routine.” In simple words, sales promotion can be defined as an activity taken up to boost the sales of a product. It can include a host of activities like running advertising campaigns, handling public relation activities, distribution of free samples, offering free gifts, conducting trade fairs, exhibitions and competitions, offering temporary price discounts, launching door-to-door selling and telemarketing, etc.

Consumer Sales Promotion Methods:

Marketers use sales promotion to introduce a new product or brand, or promote the existing brand. On the other hand retailers use sales promotion to attract customers to their stores. Some sales promotion tools are described below.

Price promotions: Also known as “price discounting”, they offer either a discount on the normal selling price of the product or more of the product at the same price. This type of promotion must be used with care as the increase in sales is gained at the cost of a loss in the profit. Too much of discounting should also be avoided since it could have a negative impact on the brand’s reputation.

Coupons: A coupon is a certificate that offers a price reduction for some specified items to the holder. Coupons are distributed with magazines, newspapers, etc. A few examples of coupon distribution can be:

- A coupon pasted on a package, or placed inside a package to encourage repeat purchase
- Coupon books sent out in newspapers, or offered with the purchase of an item, allowing customers to redeem coupons at a retailer within a defined time period.
- A cut-out coupon as part of an advertisement in a newspaper/magazine that can be redeemed at select outlets.
- Coupon printed on the back of receipts.

Free gifts/samples: Free samples of a new product are usually given to customers, when it is launched in the market. It is also known as a “premium promotion” as the customer gets something in addition to the main purchase. Marketers use this technique to increase their sales volume in the early stages of the product life cycle. This type of promotion is widely used for

- Subscription-based products (e.g. magazines)
- Consumer luxuries (e.g. perfumes, vehicles, etc)

Money refunds and rebates: Here, the customer receives a specific amount of money (refund) after s/he submits a proof of purchase to the manufacturer. Manufacturers devise the strategy such that the customer qualifies for a refund only when he makes multiple purchases. However, in some cases, marketers refund cash to customers on making a single purchase. These schemes are often viewed with some suspicion, especially if the method of obtaining a refund looks unusual. The customers might even doubt the manufacturer’s reason for offering rebates and refunds. This can lead to a degradation of the brand’s image, if the scheme is not handled properly.

Frequent user incentives: Repeat purchases may be stimulated by frequent user incentives. Hence, firms offer incentive schemes to reward their loyal customers. The best example of this is the frequent flyer scheme offered by **airlines**.

Point-of-purchase (POP) displays: POP displays are believed to serve as a silent sales force. They include window displays, wall displays, display racks, danglers, balloons, outside signs, counter pieces and innovations such as sniff teasers that spread a product's aroma in the store, etc. These items, often supplied by the manufacturer, encourage the retailer to store the product in his store, attract the attention of a customer and inform him about the product. Research on customer buying behaviour in retail stores suggests that a significant proportion of purchases result from displays that customers come across in the store. Attractive, informative and well-positioned point-of-purchase displays therefore form an important part of sales promotion.

Instalment offers: Manufacturers as well as retailers offer products at a down payment and allow the customers to pay the remaining amount on an instalment basis. Marketers of consumer durable and white goods use this type of promotional method.

Consumer contest: This method of sales promotion is carried out when a marketer aims at increasing the retail sale of a product. Customers take part in small competitions on the basis of their creative and analytical skills. Such contests attract customers' attention. However, marketers should take care in designing a contest as dissatisfied customers can stop purchasing the firm's product or speak negatively about the company to their reference group. And at times, they may even resort to litigation. **The Times of India organized Tambola and Name Game.**

Trade sales promotion methods:

Manufactures use special trade promotion methods to encourage resellers like retailers to promote their products. They might use a number of methods to attract the middlemen, including a few of the above discussed methods like trade shows, premiums, sales contests, etc., directed only at them.

Buying allowance: It is a temporary price reduction offered to the retailer for purchasing specific quantity/units of the product. Such an offer acts as an incentive to stimulate short-term profit of the retailer and promote new products for the company. But the limitation of this method is that retailers might indulge in buy forward, i.e., they can buy a large stock, which will be carried

over a couple of months. Also, competitors can also reduce the price of their products for the retailer, which affects the profits of the entire industry.

Buyback allowance: In this kind of sales promotion, the channel members are offered a monetary incentive for each additional unit purchased after the initial deal. This method aims at stimulating the channel members to purchase additional quantities of stock that is over and above the normal stock, as the monetary incentive they receive is proportional to the amount of additional stock they purchase.

Merchandise allowance: In this form of trade promotion, a manufacturer agrees to pay the reseller certain amount of money for promoting the company's product through advertising or displays. Middlemen are usually required to show the proof of the advertisement carried out by them. .

Free merchandise: Free merchandise is a sales promotion technique in which an additional amount of the product is offered without any additional cost, as an incentive to purchase a minimum quantity. The incentive is typically offered for a limited period of time.

Public Relations

According to the Institute of Public Relations (UK), public relations could be defined as “the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organization and its public”. A firm's public includes its employees, stakeholders, trade unions, general public, customers (past, present and future), charities, media, government and politicians, etc. An organization needs to communicate with the public both internally as well as externally. As the attitude of the public influences the sales of an organization, enhanced public relations work to enhance the overall image and create goodwill for the company. Hence, organizations need to communicate with one or all members of its public regularly. The role of public relations is to:

- Identify the relevant public

- Influence the opinions of the public by
 - a) Reinforcing the favourable opinions
 - b) Transforming neutral opinions of the public into positive opinions
 - c) Changing or neutralizing hostile opinions

Publicity, a function of PR, is a communication about an organization and/or its products to the public. It is usually carried out in the form of:

- A news item, a press release or an article in a newspaper or a mass medium like the TV
- An interview or speech delivered by the company executive at a press conference, or
- A one-to-one communication with the target audience; for example, a company representative might talk to a legislator or any government official with an intention to lobby for the company.

Use of publicity has its own advantages like:

- The public believes the credibility of the information as the media is not paid for but still publishes the article/news item,
- Stories and articles projecting the company as a responsible corporate citizen are carried out in various media and
- The overall cost of publicity is much lower than the cost of advertising.

Direct Marketing

Mass marketers have typically tried to reach millions of buyers with a single product and a standard message communicated via the mass media. Consequently, most mass marketing communications were one-way directed at consumers rather than two-way with consumers. Today, many companies are turning to direct marketing in an effort to reach carefully targeted customers more efficiently and to build stronger, more personal, one-to-one relationships with them. Basically, Direct marketing is a form of non-store retailing that uses advertising and promotion to directly contact customers who in turn, purchase products without going to a retail store.

Institute of Direct Marketing has defined Direct Marketing as:

An interactive marketing system of communication between distributor (i.e. the marketer) and consumer, which uses one or more media to effect a measurable response and/or transaction at any location.

This definition emphasises a measurable response, typically a customer order. Thus, direct marketing is also sometimes called direct-order marketing. Today, many direct marketers see direct marketing as playing a broader role, that of building a long-term relationship with the customer. This is known as direct relationship marketing. The features of Direct Marketing that have led to tremendous growth are action orientation, targetability, customisation ability and measurability.

How can different communication tools be integrated in campaign planning? A marketer can use 3 ways to reach and sell.

- Single-vehicle, single-stage campaign: This method involves campaigning in a single stage through a single vehicle. Ex: one time mailing of a product brochure
- Single-vehicle, multiple-stage campaign: This method uses single vehicle, but it is repeated in more than one stage. Ex: the same above mentioned mail could be sent multiple times to create a hammering effect among the prospects.
- Multiple-vehicle, multiple-stage campaign: This is most powerful approach. It uses various vehicles a number of times. Ex: news campaign about a new product → paid ad with a response mechanism → Direct mail
Outbound Telemarketing → Face-to-face sales call → Ongoing communication

The research has found out that multiple media deployed within a tightly defined time frame increases message reach and impact. The underlying idea is to deploy a sequence of messages with precise timing intervals in the hope of generating incremental sales and profits that exceed the costs involved.

There are 2 options in targeting a direct marketing campaign.

- *Individual targeting*: It requires more data in order that likely prospects can be selected on a scoring system. The criteria chosen for scoring will vary depending upon the nature of the product, but known interest in the product type and previous purchasing behaviour by mail order or telesales will feature in the formula.
- *Geographic targeting*: This is based on geo-demographic data to select concentrations of likely prospects. Although this is apparently cheaper than individual marketing, but in this case the resources are wasted sending material to some people who are unlikely to buy, while good prospects in areas outside those targeted are missed.

The main differences between mass marketing and one-to-one marketing are given in the following table:

Main differences between mass marketing and one-to-one marketing

Mass Marketing	One-to-one marketing
Average customer	Individual customer
Customer anonymity	Customer profile
Standard product	Customised market offering
Mass production	Customised production
Mass distribution	Individualised distribution
Mass advertising	Individualised message
Mass promotion	Individualised incentives
One-way message	Two-way message
Economies of scale	Economies of scope
Share of market	Share of customer
All customers	Profitable customers
Customer attraction	Customer retention

Direct marketers need to identify the characteristics of prospects and customers who are most able, willing and ready to buy. Bob Stone recommended applying R-F-M (recency, frequency, monetary amount) for rating and selecting customers. The best customers are those who bought most recently, who buy frequently and who spend the most. Prospects are also identified on the basis of such variables as age, sex, income, education and previous mail-order purchases. For this, database creation, maintenance, upgrade and retrieval are becoming so crucial

especially with the help of data mining and data warehousing softwares. The direct marketing companies use databases extensively generally in 4 ways:

1. To identify prospects: Many companies generate sales leads by advertising their product or offer. The ads generally contain a response feature such as business reply card, response coupons or toll-free numbers. The database is built from these responses. The company sorts through the database to identify the best prospects, then contacts them by mail. Phone or personal visit in an attempt to convert them into customers.
2. To decide which customers should receive a particular offer: Companies set up their own criteria describing the ideal target customer for an offer. Then they search their customer databases for those most resembling the ideal type.
3. To deepen customer loyalty: Companies can build interest and enthusiasm by remembering customer preferences; by sending appropriate gifts, discount coupons and interesting reading materials.
4. To reactivate customer purchases: Companies can install automatic mailing programmes (automatic marketing) that send out birthday or anniversary cards, seasonal shopping reminders or off-season promotions. The database can help the company make attractive and timely offers.

Major Channels of Direct Marketing

Mail order: This is a distribution system in which buyers contact sellers by mail, telephone or fax and receive direct delivery of goods ordered. Different teleshopping channels like Asian Sky Shop, TeleBrands and WCC apply this policy where customers are required to order for the products mentioning the product code that they get from the television advertisements over phone. This type of direct marketing is very suitable for following types of products:

- Novelty goods and gifts like designer jewellery
- High involving products like complex electronic gizmo, that requires explanation and advice for using, which shop sales assistants may not be able to provide
- Sensitive purchases like health products or special surveillance equipment

1. Direct response marketing: This involves target customers to take action by various activities like returning coupons or calling to toll-free lines.
2. Database marketing: This involves the use of huge database of customer records and contact information so that the companies can contact the target customers time to time and tries to inform and convince the customers about the products. The private insurance companies or credit card companies frequently apply this tool. Shaw and Stone suggested that full-fledged database marketing system should have the following features:

- Each actual or potential customer is identified as a record on the marketing database. Markets and market segments are not identified primarily through aggregate data, which cannot be broken down into individual customers, but as agglomerations of individual customers.
- Each customer record contains not only identification and access information (e.g. name, address, telephone number), but also a range of marketing information. This includes information about customer needs and characteristics (demographic and psychographic information about consumers, industry type and decision-making unit information for industrial customers). Such information is used to identify likely purchasers of particular products and how they should be approached. Each customer record also contains information about campaign communications (whether the customer has been exposed to particular marketing communications campaigns), about customers' past responses and about past transactions.
- The information is available to the company during the process of each communication with the customer.
- The database is used to record responses of customers to company initiatives.
- The information is also available to marketing policy makers to decide which target markets or segments are appropriate for each product or service and what marketing mix is appropriate for each target market.
- In large corporations, selling many products to each customer, the database is used to ensure that the approach to the customer is coordinated.

- The database eventually replaces market research. Marketing campaigns are devised such that the response of customers provides information, which the company is looking for.
 - As well as developing a large customer database and ways of accessing it to handle transactions, marketing management automation is also developed. This is needed to handle the vast volume of information generated by data base marketing. It makes higher quality information on marketing performance available to senior management, allowing them to allocate marketing resources more effectively.
3. Telemarketing: This involves the use of telephone to contact and sell to the prospects. Though not face-to-face it facilitates personal contacts. Unlike mass marketing the marketer has a better chance to influence the customer. Also it enhances market productivity as the prospects are screened through primary conversations. It is less expensive as compared to other method and can be used for a wide range of products. Telemarketing is done through a campaign. Several tele-callers are appointed and the campaign runs through a no of days.
4. Direct mail: It involves sending an offer, announcement, reminder or other items to a person at a particular address. Initially direct mail started with paper mails by post; but new forms of mail delivery are appearing, which involve:
- *E-mail*: The e-mail short term for electronic mail allows users the users to send a message or file from one computer directly to another. The message arrives almost instantly, but stored until the receiving person accesses his mail account. Marketers send sales announcements, offers and other messages to a selective group or a larger group.
 - *Fax-mail*: Fax machines can be used to send messages to various prospects. This can especially be a necessary tool in industrial marketing.
 - *Voice mail*: This is a system for receiving and storing oral messages at a telephone address. Yashraj Films used Shahrukh Khan's message "*Main Veer Pratap Singh bol raha hoon*" at the time of release of *Veer-Zaara*.
 - *SMS mail*: The companies are now utilising mobile phones and its SMS facilities to directly interact with the customers.

Direct mail has following objectives:

- Receiving orders from the prospects
- Producing prospect leads
- Strengthening customer relationships
- Informing and educating customers for latest offers

The offer strategy for a direct mail consists of 5 elements: the product, the offer, the medium, the distribution method and the creative strategy. In addition to these elements, the direct-mail marketer has to decide on 5 components of the mailing itself: the outside envelope, sales letter, circular, reply form and reply envelope.

Consumer direct mail

Some of the most common uses of consumer-targeted direct mail are:

1. Selling direct: Direct mail is a good medium for selling a product directly to the customer by a company that has a convincing sales message. It provides a facility for describing the product or service fully and for an order to be sent straight back, cutting out the 'middlemen'.
2. Sales lead generation: Some products/services require a meeting between the customer and a specialised salesperson, and direct mail can be used to acquire 'qualified' leads. A main sheet that has been well thought through can reveal the best prospects and rank other leads in terms of 'potential', enabling responses to be followed up by a salesperson. An invitation can be made for the customer to view the product in a retail outlet, showroom or exhibition. Such 'cordial-contact' mailings can create a receptive atmosphere for salespeople by building on the reputation of the company and creating a good impression, which can be converted into buying action later.
3. Sales promotion: Promotional messages such as special offers will reach specific targets through direct mail and in the same way prospects can be encouraged to visit showrooms or exhibitions.
4. Clubs: The most popular users of direct mail here are book clubs and companies marketing 'collectibles'.

5. Fundraising It is easy through direct mail to communicate personally with an individual, and therefore it is an excellent method of raising money for charitable organisations. Large amounts of information can be included to induce the recipient to make a donation.
6. Dealer mailings: Dealers or agents can use direct mail to reach the prospects in their own area.
7. Follow-up mailings: These help to keep the company's name before the customer following a sale, for example checking that the customer is satisfied with a purchase. New developments, products and services can also be communicated or invitations issued, thus maintaining contact and increasing repeat sales.

Business direct mail

For business, this is more effective than mass advertising for identifying different market sectors and communicating to each an appropriate message. Some of the more common uses are:

1. Product launch: Direct mail is able to target the small but significant number of people who influence buying decisions.
2. Sales lead generation: Direct mail provides qualified sales leads, as well as doing some initial selling.
3. Dealer support: Dealers, retail outlets, franchise holders, etc can be kept fully informed of marketing promotions and plans.
4. Conferences: Potential delegates in specific business sections can be issued with invitations through direct mail.
5. Follow-up mailing using the customer base: Mailing existing customers regularly encourages repeat sales.
6. Market research/product testing: Market research (especially amongst existing customers) can be very effective where it is possible to do this through direct mail, using questionnaires as part of a regular communication programme. Small-scale test mailings can give an accurate picture of market reaction, with low risk, and a successful product can later be mailed to the full list.

The Seven Silliest Direct Mail Mistakes

1. Not knowing exactly who your market is. This takes research but it will be some of the most valuable time you ever devote to your marketing.
2. Mailing to the wrong list. If the people to whom you mail have no desire or need for your offering, they'll be an incredibly tough sale.
3. Not having clear objectives. Conquer this by writing your response device first so that you'll know what your letter should be saying.
4. Telling your price before you make your offer. Even if your price is the lowest, first you must make people want what you're selling.
5. Telling your price before you list your benefits. People care first and foremost how they'll gain and then they'll want to know the cost.
6. Setting the wrong price. This happens when marketers fail to be sensitive to the market and fail to test price points. The litmus test: profits.
7. Failure to test all that can be tested. Test price points, opening lines, and benefits to stress, mailing lists, as much as you can. Test with a small mailing, then with a larger mailing, and then go all out with the winners.

Seven Rules of Direct Mail

1. Before you write, do intensive research. Ask a handful of your current customers to tell you in their own words what they like most about doing business with you. Ask them that way. What they will tell you will be the most important benefits they perceive. Use those benefits to start your letter.
2. Come up with a really strong reason for someone to respond to the letter. Make an extraordinary offer. Find a new and appealing way to bundle together a number of your product or services or offer special payment terms or an unusual guarantee.
3. When you start writing, use short words and short sentences. People can't, won't, and don't read long, complicated stuff. Not if they don't have to. They won't read your letter unless it's EASY to read.
4. Count the number of you's and your's in the letter. Your letter should have at least twice as many you's and your's as I's and mines and your company's name. A ratio of four to one is even

better. When they read your letter, your customers like it when you talk about their dreams, their problems, solutions you can provide to their problems, and the benefits they will receive. And they will show their appreciation -- with sales!

5. Whatever you do, DON'T mail it out the minute after you write it. No matter how good a writer you are, you sit a day or two. Then, rewrite your letter to make it simpler, clearer and more compelling. After that, read it out loud. Then, show your letter to some customers. If their reaction is interesting or well written, you may have a loser on your hands. A sales letter isn't an essay. It's a sales piece, first and foremost. So, after reading, if your customers say, "How can I get one of those?" -- they want to buy what you're offering -- you've got yourself a guerrilla letter.

6. Check to see if it's clear what you're offering and how a reader can take you up on the offer. One great way to find out is to have a child read your letter. Children often see the obvious that adults, caught up in the more abstract problems and distractions of life, usually miss.

7. Do a test mailing and measure the results. Don't send out all your letters at once. Just send out a few dozen or a few hundred. When the results come in- when your mail is good, they'll come in fast and then do the analysis.

Other direct marketing channels are:

1. Catalogue marketing: Marketers send catalogues of their products to a select list of customers. For premium products, they may collect the database of the upper middle-class customers who are sociable and go to clubs, from the membership lists of those clubs.
2. Telemarketing: It consists of using the telephone to sell directly to consumers.
3. Kiosk marketing: Kiosks are information and ordering machines that direct marketers place in stores, airports, and other locations. An example of this is Lakme Lever, which unveiled interactive kiosks called Beauty Zone that allowed women to choose products that suit them. They were placed at malls with high traffic like Crossroads and Shoppers' Stop.
4. Direct-response television marketing: This has two forms: direct-response advertising or infomercials and home shopping channels like Tele Brands.
5. Direct-response advertising: These are the advertisements where the advertisement has a toll free no or a number to do SMS to place order so that the audience can place the

order then and there if they like it. They also ask question regarding the desired product features and then the final feature is decided after the audience poll.

6. Interactive TV: These are the shopping malls at one's doorstep. They are basically interacting with customers helping them to procure the goods advertised.
7. Online marketing: It involves online channels and electronic commerce and is usually conducted through interactive online computer systems, which electronically link customers with sellers. The details are discussed in CHAPTER 25.
8. Commercial channels: These are the channels, which are all time sponsored by some company or the other. They are channels showing commercials and provoking the audience to go for the products as the details given in these channels are sure to arouse the interest in the viewers.
9. Face-to-face selling: Most companies today rely on face-to-face selling through a professional sales force (e.g. Eureka Forbes selling their water purifiers, vacuum cleaners), manufacturer's representatives (e.g. manufacturers of industrial products like ball bearings) and agents (e.g. LIC and other insurance companies). But many theorists decline to include this method as a part of direct marketing as they believe that real defining characteristics of direct marketing should be the absence of face-to-face contact between buyer and seller and the use of intermediary media for promotion and order-taking.

Integrated Direct Marketing

Too many marketers use only "one-shot" efforts to reach and sell to a prospect, or use a single vehicle to trigger purchases. For instance, a marketer may use only a magazine to reach out to his target audience. But, Integrated Direct Marketing involves use of multiple vehicles, to launch and carry multiple-stage campaigns. Such campaigns generate a lot of response as they reach out to a larger audience. For instance, Standard Chartered Bank uses salespeople, catalogue mailing, telemarketing, e-marketing, advertising, etc to promote its products.

The advantages of Direct Marketing

- Greater accuracy in targeting consumers

- Timing can be controlled to maximise impact
- Competitors are less aware of activity
- Provide more opportunities for feedback from consumers thus improving subsequent marketing activity
- All outcomes are precisely measurable
- Being a more powerful communication medium, as it is personalised, relevant and solus (i.e. not competing simultaneously with other advertising messages)

The disadvantages of Direct Marketing

- Public cynicism and apathy towards junk mail
- General perception that telemarketing is rather intrusive
- Higher initial costs than other traditional advertising methods

Direct marketing costs much more than general consumer media to reach one thousand audience members. However, it is important not to judge direct marketing on the basis of a crude CPT comparison with other media. Remember that direct approaches to individual consumers enable messages to be targeted with remarkable accuracy, ensuring that the promotion goes only to those people most likely to be interested in the content of the message. This alone should be enough to call into question the usefulness of CPT comparisons in evaluating direct marketing.

Direct media also deliver advertising messages and selling opportunities to potential consumers 'in the comfort of their own homes'. Responses are easy; mostly the consumer simply makes a telephone call. When direct channels are used, the messages have minimal competition for the consumer's attention from other advertising, the timing can be very precisely controlled, and competitors will be less aware of the campaign. Arguably, however, the most critical analysis of media performance is the amount of response it generates. In general consumer advertising, it is often difficult to ascribe campaign results with absolute certainty to the advertising, because other factors may have been at work in any measured change, whether that is improved sales or increased awareness of a product on the part of the target market. With direct marketing, however, competing media can be more precisely assessed for their effectiveness

by measuring the exact level of response that they stimulate. Here the measure is not the cost of reaching one thousand members of the audience, but the cost of getting just one of them to respond in the desired manner (e.g. by asking for details, or making a purchase).

Sponsorship

Sponsorship falls under the heading of below the line activity. Like most below the line activity, this is growing in popularity. In some ways sponsorship achieves many of the functions of exhibitions, especially in terms of audience quality. We have already established that in business-to-business marketing environments, high status decision-making unit members are notoriously difficult to contact on a personal basis. The firm sponsoring an event can invite important members of a prospective customer's DMU to the event thereby enabling personal contact to be made in a social setting.

Sponsorship has a strong PR component to it and firms can use it in a variety of ways. Being associated with the arts can give a strong sense of supporting and being part of the fabric of society. Important clients and other key individuals from other influential groups of publics can be invited to artistic events such as concerts, plays or opera. Afterwards they can mix with artists and directional staff so in this way key individuals who have been targeted for such promotion can be contacted, entertained and long-term relationships built and maintained. Reasons why commercial firms sponsor the arts include the following:

Sponsorship of sport

Sponsorship of sporting events is of course big business and nearly everyone is familiar with some form of sponsored sports event, especially football, cricket, hockey and golf. Sponsorship of sport brings a high profile to the sponsoring organisation. There is also some entertainment value to the sponsorship of sport in terms of complementary tickets to key customers for a sponsored event, using it as a reward for sales staff who have achieved their targets and so on. Some of the main reasons for firms becoming involved in the commercial sponsorship of sport include the following: (this list is not intended to be exhaustive but merely indicative)

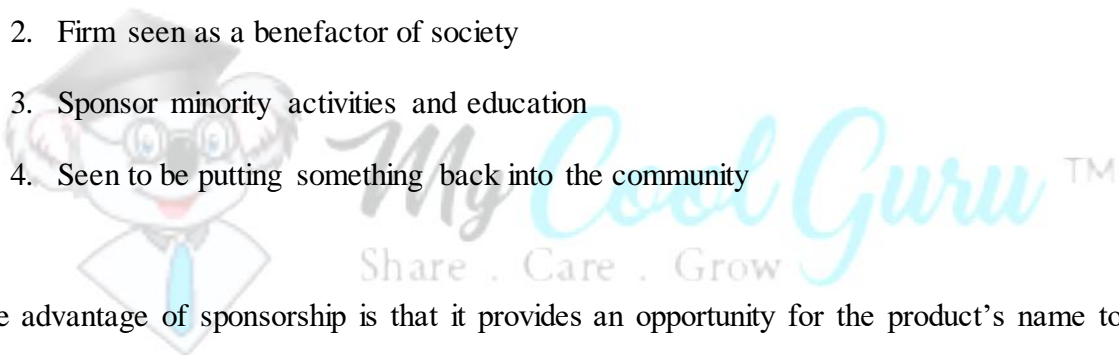
- Building awareness of the company name
- Achieving an association with a particular sporting activity such as ITC and golf, JK Tyres and Karting race and LG/Pepsi with cricket.

- Entertaining important clients
- Attempting to make an uninteresting product or service more interesting by association
- Relating the product to the success of a particular team; example being Indian cricket team and Pepsi or Sahara

Sponsorship of the arts:

Most people can understand why firms get involved in the sponsorship of sport. It is less clear to many, however, why they get involved in the sponsorship of the arts. When we discuss the sponsorship of the arts we interpret the term arts very liberally. Basically the arts in this context is everything that is not sport. The reasons why commercial firms sponsor the arts include the following:

1. To obtain personal contact with high status visitors
2. Firm seen as a benefactor of society
3. Sponsor minority activities and education
4. Seen to be putting something back into the community



The advantage of sponsorship is that it provides an opportunity for the product's name to be seen in a high profile and prestige context. The limitation of sponsorship, under present situations, is that it provides less opportunity than advertising to develop a complex brand image.

Exhibitions

Trade exhibitions appear to have a permanent place in the marketing communications mix of many firms and are another form of below the line promotional activity. As with many other below the line methods, they are growing in use and popularity. There are three basic forms:

1. Those aimed at the consumer
2. Those aimed solely at the trade
3. Those aimed at and open to both consumer and trader

The third category has become the most common. Most exhibitions start off as trade exhibitions and then after the first week or so, when all the trade business has been seen to they are often opened to the general public. The public usually pays an entry fee, which brings in extra cash for the exhibition organiser and helps to pay for the cost of putting on the show. The public may have an actual interest in the products and services being exhibited; for example clothes shows and motor shows.

An exhibition is one medium by which a company may choose to communicate with its target markets. Generally exhibitions are used to complement other communications media. Exhibitions tend to draw a high quality group of visitors and company directors will frequently be present at an important trade exhibition. Such trade exhibitions offer the marketing firm the chance to come into direct contact with high status decision-making unit (DMU) members. There is a significant PR dimension to exhibitions. Many visitors to trade show go to view the total industry range of products or services in an economic period of time and in one place. People visiting exhibitions seem to regard them as a viewing opportunity and a chance to obtain technical information. Often products are accessible for examination along with specially designed models of products. There can often be an important social aspect to trade shows with stands offering refreshments and a chance to socially interact for potential clients. Interacting and networking can be facilitated.

Exhibition evaluation

In order to evaluate the effectiveness of exhibitions and to plan for future exhibits, certain qualitative and quantitative data must be collected and analysed. As a first step it is necessary to decide what measures of cost effectiveness to use for evaluation, for example:

1. Audience size
2. Audience quality
3. Media impact

One of the more meaningful measures of the above is audience quality. This relates to the status of the visitors to the exhibition.

Measurement of media impact requires some form of research to establish the effectiveness of the exhibition to both visitors and exhibitors. The most common measure used, simply because

it is based very often on the only accurate data available, is audience size. This can be used as a measure of cost effectiveness when broken down into different categories as follows:

1. Cost per visitor = Total cost of exhibition/Total number of visitors.

This gives an indication of the potential audience size, which might be exposed to the firm's promotional activities at the exhibition.

2. Cost per contact = Total cost of exhibition/Total number of visitors to stand.

This shows the ability of the firm to attract visitors to its stand. It reflects the extent of real interest and the contacts made with potential customers and are therefore related to one of the objectives of exhibiting.

3. Cost per enquiry = Total cost of exhibition/Total number of enquiries. This gives an indication of the cost per number of enquiries.

When the cost-effectiveness of exhibitions is compared with other media, it would be unfair to argue that the contacts made with targets or publics by different communications media are of similar value. The difficulty in making a comparison indicates that the cost effectiveness of each activity needs to be made in the light of the objectives it is designed to achieve. Some objectives cost more to achieve than others and so this needs to be taken into consideration. Finally, it can be concluded that the role of the exhibition is a very important one, one that offers the marketing firm a unique opportunity in terms of personal contact, meeting high status visitors, following up on opportunities, creating databases for future marketing exercises to name but a few.

The characteristics of the principal elements of the promotion-mix are mentioned below.

	Advertising	Sales promotion	Public relations	Direct marketing
Ability to deliver personal messages	Low	Low	Low	High
Scope for reaching large audiences	High	Medium	Medium	Medium
Degree of interaction	Low	Low	Low	High
Perceived credibility by target audiences	Low	Medium	High	Medium
Absolute costs	High	Medium	Low	Medium

Cost per contact	Low	Medium	Low	High
Wastage levels	High	Medium	High	Low
Level of investment	High	Medium	Low	Medium
Scope for targeting specific audiences	Medium	High	Low	High
Management's ability to adjust the deployment of the tool as circumstances change	Medium	High	Low	High

Source: Fill, C. (1995), pp.12



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