

ADVERTISEMENT AND SALES PROMOTION

SUBJECT CODE:18UADE2

Objectives :

To gain professional competency, commitment to ethical practices & service.

Unit – I

Introduction : Advertising – Advertising on elements of marketing mix objectives – Advertising and Salesmanship – Role and importance – Planning for advertisement communication process – Formal and informal.

Unit – II

Advertisement Copy and advertising Budget : Advertisement Copy – Kinds – Appeals – Advertising Mix – advertising Budget and relevant decisions.

Unit – III

Types and agency : Advertising expenses and their role – Type of advertising – Measuring the effectiveness of advertisement – Managing Agency.

Unit – IV

Sales promotion : Sales promotion – Objectives – Advantage – Tools and their Effectiveness – Aggressive selling.

Unit – V

Sales promotion and personnel selling : Sales promotion and personnel selling – Measuring the effectiveness of promotion company.

Outcome : Learns analyze the expanding environment of media & communication techniques

RECOMMENDED TEXT BOOK

Sales promotion management	- John A. queleh
Marketing salesmanship and advertising	- M.Ramasamy
Principles of marketing and salesmanship	-J.C.Sinha
Advertising principles problems and cases and others	-Charles J.Dirkson
Advertising management concepts and cases	-Manendra Mohan (THM)
Advertising and salesmanship	-P. Saravanavel &S. Sumathi

(Unit –I, Chapter-1; Unit –II, Chapter-9,11; Unit-III, Chapter-5,8; Unit –IV,Chapter-27 ,30; Unit -V ,Chapter-27,28)

Definition of Advertising:-

"Advertising is any paid form of non-personal presentation of ideas, goods and services by an identified Sponsor".

- Philip Kotler

Benefits or Advantages of Advertising:-

- * Advantages to the manufacturers.
- * Advantages to the retailers
- * Advantages to the consumers
- * Advantages to the wholesalers
- * Advantages to the salesman.
- * Advantages to the society in general.

Benefits or Advantages of Advertising:-

Advantages to the manufacturers:-

* Advertising creates demand for the new products introduced in the market by the producers.

* It helps the producers to maintain the existing market for their goods.

* It helps the producers to expand the market for their goods.

* It helps the manufacturers to overcome competition by factually emphasising various features of their products.

* It helps the manufacturers to warn the public against imitation of their product by others through precise description of the special features of their product.

* Constant advertisement popularises a product and builds up reputation and

goodwill for the producers.

* It helps the manufacturers to contact the public directly. Such a direct contact between the manufacturers and the consumers result in the elimination of middlemen.

* It protects the manufacturers from undue dependence on middlemen. Middlemen cannot pressurise the manufacturers of widely advertised goods regarding the terms and conditions of sales.

* It helps the producers to secure dealers for their goods. Dealers, generally come forward to stock the advertised goods.

* It contributes to increase the volume of sales and thereby, reduces the cost of marketing per unit of goods sold directly.

* By bringing about increased sales and production, it contributes to reduction in the cost of production per unit.

* By constant advertisement, manufacturers can maintain effective control over the wholesale and retail prices of their products.

* It helps the manufacturers to maintain a steady demand for their products by avoiding seasonal fluctuations in demand. In short, it stabilises the volume of sales.

* It increases the ~~sales~~ rate of stock turnover.

Advantages of Advertising to the wholesalers:-

* Advertisements facilitate easy sale of product, as the availability and the distinctive features of the products are already brought to the notice of the consumers by the manufacturers through advertisement.

* It increases the stock turnover rate of the wholesalers.

* The reputation for a product created by the manufacturer through advertisement is shared by the wholesalers.

* Advertising provides product information to the wholesalers.

Advantages of Advertising to the Retailer:-

- * It reduces the sales efforts and the selling expenses of the retailers, as the consumers are already aware of the availability and the features of the advertised products.
- * It contributes to large sale volume.
- * It increases the stock turnover rate of the retailers.
- * The reputation of the product created by the manufacturer through advertisement is shared by the retailers.
- * It enables the retailers to have product information.
- * Advertising builds up prestige for the retailers' shops.

* It stabilises the prices and thereby protects the retailers against any loss resulting from price fluctuations.

* A small retailer cannot afford to employ salesman for canvassing orders. But because of the advertisements placed by the manufacturers, he can get orders easily.

Advantages of Advertising to the Salesmen:-

* Advertising prepares the ground work for salesmen. That is, it reduces the work of the salesmen, as part of their work has already been performed for them by advertising.

* It helps the salesmen to secure increased sales ~~to~~ ~~so~~ by acquainting more people with the merits of the products.

* It gives confidence to the salesmen to perform their promotional efforts effectively.

* It helps the salesmen to reach the right man with least efforts.

* The contact established by salesmen with customers is made permanent by advertising.

Advantages of Advertising to the consumers :-

* An advertisement brings the new products to the notice of the consumers and helps them satisfy their wants.

* It raises the standard ^{of} living of the consumers by stimulating desire for a variety of new products.

* It provides protection against deception, because advertised products are, generally, of good quality.

* It saves time, effort and money of the consumers in obtaining information about the product.

* It contributes to the reduction in the selling price of goods for the consumers by encouraging increased sales and production.

* By providing information about the relative merits of the various goods available in the market, advertising helps the consumers in intelligent buying.

* Prices of advertised goods are known to the consumers. As such, the consumers can get the goods at the advertised retail prices and protect themselves against the higher prices that may be charged by the dealers.

* Modern advertisement is highly informative. Through it, the consumers can know the varied uses of the products.

Advantages of Advertising to the Society:-

* It raises the standard of living of the people by stimulating their desire for a variety of new products.

* It educates the public. The facts, figures, slogans, stories, etc., used in an advertisement help the members of the society to improve their knowledge.

* It generates employment opportunities by promoting sales and enhancing production. Further, many persons are directly engaged in advertising process as artists, photographers, etc.

* It promotes art and talent by giving an opportunity to artists to do creative work in preparing the advertisement copy.

* It lowers the selling price of newspapers and magazines by providing income through advertisements published.

* Advertisements are helpful to the people to announce births, deaths, marriage, etc., for the benefit of other members in society.

* It transform the culture of a nation.

* It stabilises national production.

* It stabilises the price level and avoids or minimises the fluctuations in prices.

2. The Marketing Mix:-

Marketing facilitates the exchange process and the development of relationships by carefully examining the needs and wants of consumers.

* It helps in developing a 'Product' or service that satisfies these needs.

* Offers it at a certain 'price'.

* Making it available through a particular place, or channel of distribution.

* Developing a programme of 'Promotion' or communication to create awareness and interest.

* These four Ps - product, price, place and promotion - are elements in to marketing Mix.

* The basic task of marketing is combining these four elements in to a marketing Programme to facilitate their interaction with consumers in the market place.

* Marketing starts with consumers and also ends with them. Marketing management involves communication with insiders and outsiders.

* This chapter will describe the communication process and in the following chapters we will examine each of the communication tools

* A marketing manager must decide in advance the extent of marketing expenditure required to achieve his company's marketing objectives

* Companies arrive at their marketing budget at some conventional percentage of the sales goal.

* Companies entering a market try to gather information on the marketing budget-to-sales ratio of their competitors.

* Companies should also decide as to how to divide ~~as to how to~~ its total marketing budget.

* The 4 Ps of the marketing Mix which are necessary for total marketing budget.

* Marketing Mix is one of the key concepts in modern marketing Theory.

3. Advertising is not a waste:-

* Advertisements create market for new products. Further, they maintain and even extend the markets for existing products.

* Advertisement increases the sales volume. This in turn results in large scale production. Large scale production, in turn, contributes to increase in investment, employment, consumption, fall in price and rise in the standard of living of the people.

* In the absence of any advertisement, the consumers would not be aware of the various products available in the market, their distinctive features and price.

* Manufacturers, who claim superiority for their products through advertisements, generally, try to maintain a superior quality of their products.

* Advertising ensures the supply of a variety of goods and thereby provides the consumers a choice to buy only the best products.

* Advertisement provides employment to artists, copywriters and other professionals. Since it generates more sales, more employees can be appointed to take care of increased sales and consequent increase in production.

Difference between Advertising and Salesmanship

Advertising

1. Advertising is an impersonal attempt to persuade people to buy goods or services.
2. Advertising is concerned with the advertisement & establishment of contact with the people through message.
3. Advertising is addressed to the masses message.
4. Through advertising, a large number of people can be contacted.
5. Advertising saves much time.

Salesmanship

Salesmanship is a personal attempt to persuade people to buy goods or services.

Salesmanship is concerned with the establishment of contact with the people through persons i.e., salesmen/saleswomen.

Salesmanship - talks appeal to specific individuals.

The number of people contacted through salesman-ship is limited.

Salesmanship is a time consuming process.

6; The success of advertising depends largely upon the advertising message and the media chosen for advertisement.

7; Advertisement cannot clarify the doubts or answer objections of the consumers.

8; Publicity Advertising is not flexible. It will have the same appeal, whatever may be the attitude and reaction of the customers.

9; Advertising is a one-way means of communication.

10. In the case of Advertising the response from the Prospects [i.e., Prospective Customers] cannot be known ^{immediately}.

The success of salesmanship depends upon the qualities of the salesman.

Salesmanship can clarify the doubts and answer the objections of the customers effectively.

Salesmanship is flexible in the sense that a salesman can adjust his sales talk according to the attitude of the customers.

Salesmanship is two-way means of communication.

In the case of salesmanship the response from the prospects can be known immediately.

11. In the case of Advertising, demonstration of the product is not possible.

12. Advertising promotes the art of craftsmanship, i.e., printing, writing, photography, editing, music, acting, etc.

13. The task of advertising is very easy.

14. Advertising is relatively cheap.

In the case of Salesmanship demonstration of the Product by Salesman is possible.

Salesmanship promotes the art of speaking.

Salesmanship is difficult task, as it involves tackling a number of issues.

Salesmanship is costly.

Communication Process:

Communication is a process where by one person or one group conveys some information to another person or another group. Communication is a social process for exchanging information and establishing understanding between two or more parties.

Conceptually communication is seen as a two-way process by which people communicate with one another. The sender who creates a message designed to elicit a specific response from the receiver initiates communication. The receiver interprets the messages according to his own understanding and sends

a message back to the sender. If the purpose of the sender and the response of receiver are inconsistent the communication process will fail and the sender may wish to initiate the process again with some modifications to the message. Thus, the nature of communication is considered as a continuous inter-personal process.

As shown in the following figure the sender of the communication start with an idea to be shared with the receiver using a set of encoding skills.

The sender translate the idea into a transmittable messages upon transmission the receiver employe a set of encoding skills

to translate the communication
into an idea of the message
the idea employing encoding skills
the receiver converts the idea
into an idea of the message employing
encoding a feedback message to
the sender now uses decoding
skills to translate the feedback
and compares that with the
original idea.

The sender determines whether
the message was properly received
and understood or not. If
understanding is not achieved
and the sender must try again.
The communication process is
complete with business to
communication. The

The basic elements of communication are:

1. Sender i.e. Communication:

Sender is person who sends a message. He may be writer or actor.

2. Receiver i.e. Communication:

Receiver is a person who receives a message. The receiver may be a reader, listener or observer.

3. Message:

Message is the subject matter of communication. It is in the form of a mental or non-verbal language. Verbal language means spoken or written

words or numbers. Non-Verbal language can take the form of facial or body gestures or expressions.

4. Channels of Communication:

Channels is the media by which the message is followed from the communication to the communicate it act as a connecting link between them.

5. Feedback:

The last stage in the communication process is feedback the receiver makes it known to the sender that he understood message.

UNIT-III

Advertising Copy :- ପ୍ରଚାରଣ ପଦ୍ୟ ପଦ୍ୟ ପଢ଼ାଣ ମାତ୍ର ପଢ଼ାଣ ମାତ୍ର

'Copy' is a very wide term which refers to the reading matter that forms the text of the advertisement.

Purpose of the copy :- ପ୍ରମୁଖ

A - Attention

I - Interest

D - Desire

A - Action

Characteristics features of Good Advertising Copy :- ପ୍ରମୁଖ ପ୍ରମୁଖ

It must make people see it

It must make people read it

It must make people understand it

It must make people believe it

It must make people want the product

5. Purpose of the copy:-

The aim of an advertisement copy is to make the public look, like, learn and buy the product or service advertised. Therefore, a copy should -

- * Attract primary initial attention
- * Awake and stimulate interest
- * Bring about an impression which will give memory value.
- * Convince, persuade or induce the reader
- * Suggest and lead to specific response to encourage the decision to act and determination to buy.

A well-known formula that may be remembered for this is "A.I.D.A", about which we have already studied.

A - Attention

I - Interest

D - Desire

A - Action

Thus, a copy is the core of the advertisement. Its main purpose is to influence the attitudes and actions of the buyers so that it results in more purchases and great sales volume for the advertiser. Majority of the retail advertisements are designed to cause direct reaction, whereas other advertisements may induce indirect action. That is, they try to cause a psychological response by establishing favourable attitude in the minds of buyers first, who may be neutral or hostile, ignorant or even uninterested.

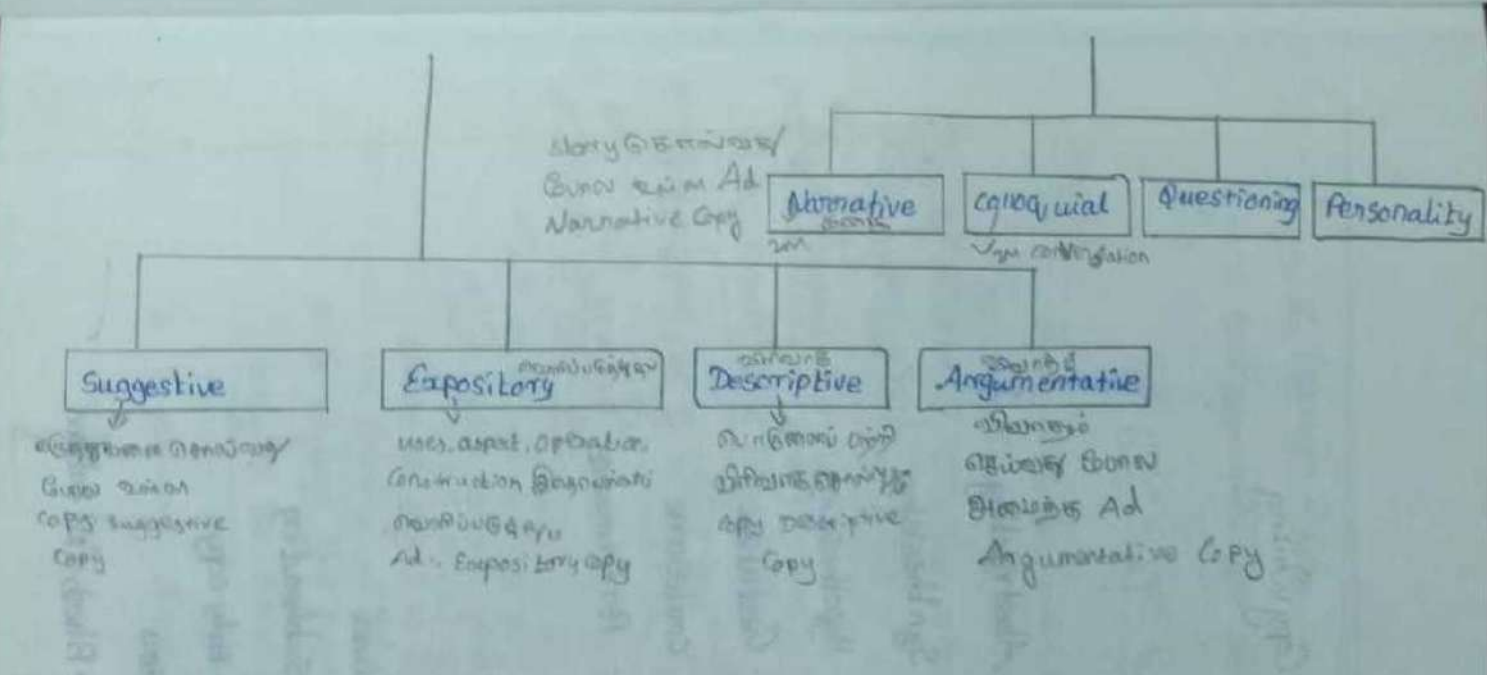
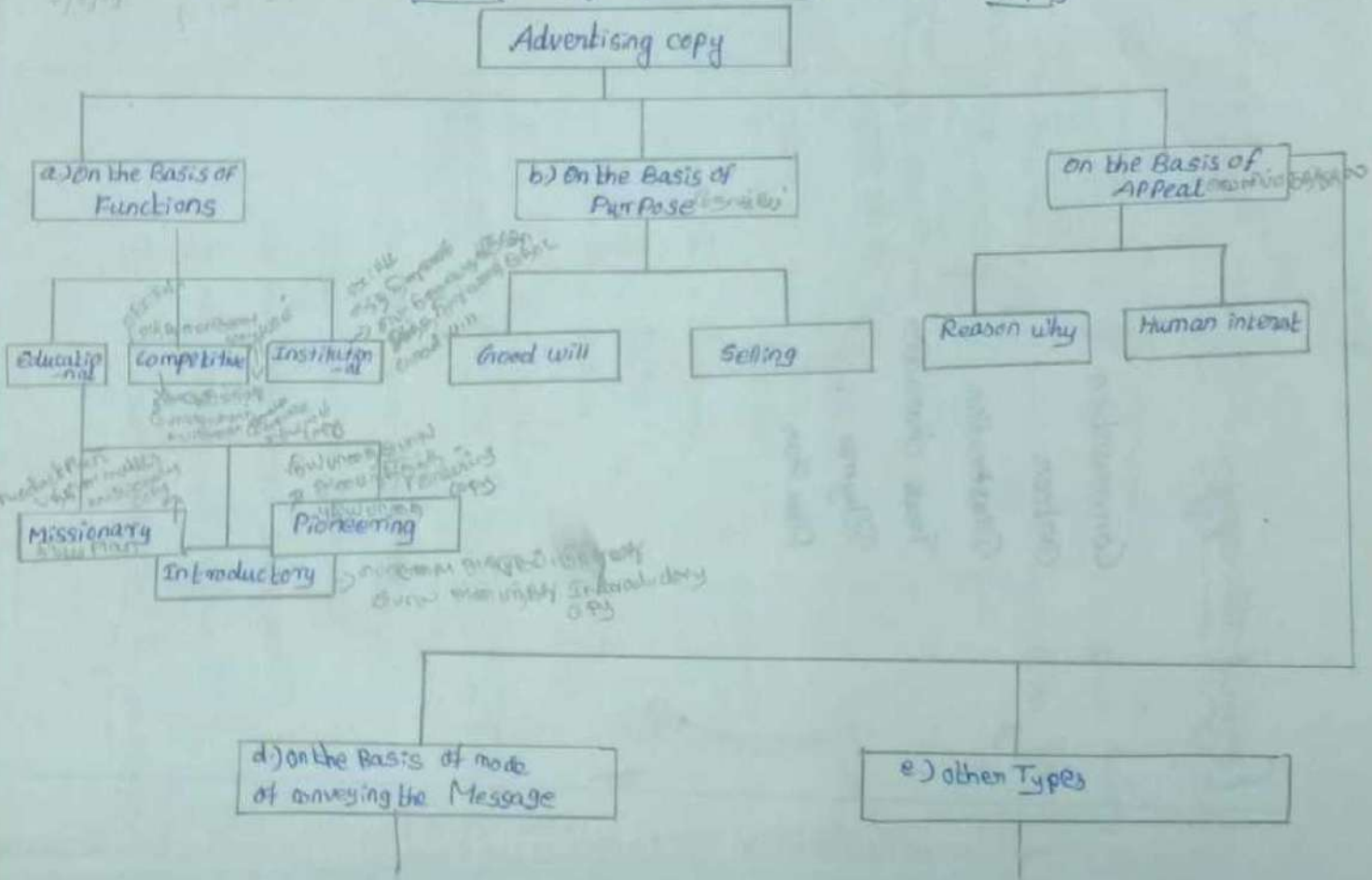
6. Format of the copy:-

Copy format^E means the way the copy message/story is told. This is usually expressed in the form of some illustrations, pictures, figures, a headline, some text and a logo. There are several other ways of delivering the copy format, such as:

- * In the form of a conversation taking place between the doctor and patient, husband and wife, parents and children, user and non-user of the product, salesman and buyer, etc.
- * In the buyers form of one or more persons shown in a cartoon in some hilarious situation.
- * The message may be developed through a series of illustrations or by an independent picture and caption.
- * The message may be delivered as told by the advertiser's trade character.
- * In the form of rhymes or songs.
- * In the form of testimonials of prominent persons, such as cricketers and film stars.

1/1/14

Kinds of Advertisement Copy



Classification of Advertising Copy:-

a.) class on the basis of functions:-

Educational copy:-

This copy aims at educating the public regarding the use of a product or products/service.

Missionary copy:-

This copy aims at creating propaganda for the product/service.

Introductory Copy:-

This copy introduces a product/service to the consumer, by furnishing details about the product/service.

Pioneering copy:-

This ^{Copy} aims at undertaking a campaign for educating the public.

Competitive Copy:-

This copy aims at putting forth the special features of a product so that it may

meet the challenge of the competitors.

Institutional copy:-

This copy aims at developing and maintaining the goodwill of a product, so that the potential buyers are led to believe that the product/service advertised comes from a reputed company, is reliable and reasonably priced.

b.) On the basis of purpose:-

Goodwill copy:-

This copy is one which does not try to sell a product but aims at selling the public some idea about the company in general, the quality of its product etc.

Selling Copy:-

This copy is used by the mail-order house to effect a sale by mail, or by the manufacturer who sells through retailer to make an immediate sale of the goods which he may have in excess stock.

c.) On the Basis of Appeal:-

Reason why copy:-

This copy aims at answering the queries raised about particular product as to why, how or when it should be purchased.

Human Interest Copy:-

This copy aims at appealing to our senses - touch, taste, love, affection, sight, smell, pleasure, and comfort, etc.

d.) On the Basis of Message:-

Suggestive copy:-

It may directly or indirectly convey the message which may lead to purchase of the product.

Expository copy:-

It mentions the facts as they are. It explains the construction operation, uses and aspects of superiority of the advertised article.

Descriptive copy:-

This copy aims at creating words attractively so that it may impress the reader's mind, inducing action.

Argumentative Copy:-

This copy supports the advertised product by facts.

e.) Other Types of Copy:-

Narrative copy:-

This copy which appeals to the reader with a story that revolves around product and its use.

Conversational copy:-

It uses an informal language and talks in personal terms with the use of 'I' and 'you'.

Questioning Copy:-

It is one which starts with

putting a series of questions expected to be answered by the readers. For examples

are - "Do you want a clear eye sight?"

Personality copy:-

It tries to capitalise on the opinion of personality, real to imaginary about the product.

8. Steps involved in copy writing:-

Abstracting:-

Relevant data are obtained from the market and media.

Synthesising:-

Elements are blended and combined, ideas and approaches accepted, rejected, revised, etc.,

Hypothesizing:-

Ideas formulated in to experimental patterns culminating in a working statement.

Gestation:

Objection and difficulties resolved, may involve discussions with others or reference to Sources of information.

Coalescence:

Here, coalescence means two aspects getting fused into one. Decisions are made to convert ideas into physical expression, i.e., writing.

Performance:

Action is taken in the form of actual writing.

9. Copy Elements:

Types of Headlines:-

A label headline states the product :-

- i) "Esso Extra Motor Oil protects engine life"
- ii) "Rain or shine only Romex guarantees perfect snapshots".
- iii) "Relax! There is nothing like a Charminar."

iv) Nescafe the coffee that tastes so good".

v) Utterly Butterly : Delicious Amul Butter'.

Message headline give information:-

i) After shave lotion, Tingling, Refreshing---
Bracing and cooling. Helps to heal those
irritating razor nicks.

ii) Sleep soundly! Wake Refreshed! On
Horlicks Malted Milk".

iii) Mother, you need delicious Ovaltine
before and after baby comes".

Provocative headlines rouse curiosity and
impels the reader to go through the Advertisement

i) "Do some foods disagree with you? That
is when you need Philip Milk & Magnesia".

ii) Would not you wish for a happy old age?
Take to Life Insurance."

iii) Your hairs are numbered..... Have you
Thought about it?..... Vitex."

Direct command headline asks the reader to buy the particular product.

i) "Don't say Ink - Say Quink"

ii) Buy parker for success.

Selective Headline is written to reach a particular class of people :-

i) "If you care ~~at~~ for your wife and want to be cared for in return give her a ~~See~~ SUMEET. SUMEET means ---- no more drudgery, fewer servants, better flavoured food, food values retained, See Sumeet in action for yourself. You'll agree!"

ii) Moki Luxury for your Bath. You will love its ^acreamy lather and rich perfume and the wonderful way every cake lasts through so many luxury baths!"

iii) "Some men will use PALMOLIVE AFTER Shave lotion for the way it feels. Other men - for what it does."

Suggest headline Suggest ideas, e.g.:

i.) "Wash at home with Surf. Everything dazzling white, spotlessly clean".

ii.) "Tea! coffee! or whatever the Beverage Daurala Sugar cakes of course".

iii.) Tinopal whitens best of all. Always use Tinopal, the scientific whitener! it's absolutely harmless for fabrics.

Identification headlines give brand name of the product, with or without price, but with the advertiser's name and his slogan; e.g.

i.) champion (Ink)

ii.) Evening - in - Paris (Perfume)

iii.) Ambassador (car)

Boast headlines give the features of the product in exaggerated terms:-

i.) "Easiest way to knit your cardigan".

ii.) "The world's best tie ----- regardless of price".

iii.) "The best value in sleep at any price."

Purpose of Subheadings:-

- * Maintain a sense of movement so that the eye is carried progressively through the copy.
- * Provide typographical contrast as stated above.
- * Emphasise selling points.
- * Divide the advertisement into sections if there are different ideas and items.
- * Absorb the interest of glancers who take in only the display lines.
- * Make the advertisement more interesting, more readable, more legible and not a mass of text.

Body copy:-

A good body copy or text should possess the following features:-

Informative:-

A normal reading of ^{the} a copy should leave no questions unanswered and no inaccurate ideas in the minds of the readers.

Interesting:-

The copy should be interesting or else the consumers will be not read it. The copy should be able to capture the consumer's attention by its pleasant, enjoyable and even entertaining features.

Believability:-

The copy should possess the features of believability. If a copy is to influence the readers it must be believed. Therefore, the copy should avoid exaggerated claims and superlative languages. Vague claims should also be discarded and meaningless phrases should not be used.

Persuasive:-

To be successful, copy must persuade. To be persuasive, copy must be sincere, honest and frank. Further, the advertising message should be

Simple and its tone friendly.

Memory value:

The copy should possess the features of memory value. Memorable copy starts with the selection of a powerful sales idea and its distinct and clear presentation.

Captions:-

These are generally less important than the main selling points of the advertisement and are usually set in type sizes smaller than the text. Sometimes, an advertisement planned in a picture-caption style presenting the selling points by illustrating and explaining them at the same time. Here captions assume greater importance.

The Blurb:-

A Blurb or a balloon is a display arrangement where the words appear to be coming from the mouth of one of the characters illustrated in the advertisement.

At times the complete body can be composed of blurbs, as in the case of comic strips.

Boxes and Panels:-

Boxes or panels are, in fact, captions placed in special display positions so as to get greater attention. A box will be lined on all sides and singled out from the rest of the copy.

A panel is a solid rectangle in the centre of which the caption is placed either in white or "reverse" type, or centered in the white space.

Boxes and panels are generally used in advertisements containing features such as coupons, special offers and consumer contests.

Slogans:-

A slogan is a short, simple, and catchy colourful word which is used to attract and hold attention of the consumer. The slogans should be short, sweet, easily pronounced easily remembered, and pleasing to the ear. They should be built on a big sale idea, on self-interest, on a buyer-benefit

because their substance is more important than their style. Below are given slogans that have been used by the advertisers:

Examples:-

- * "Colgate stands for quality."
- * "Nescafe good to the last drop".
- * "Beast is the secret of my energy".

Identification Marks:-

Trade name:-

Trade or 'firm' or 'commercial' name is the name of the company that makes the product. From the angle of manufacturer, such a name is of least importance as an identification mark. Thus, we identify a product say as 'Cinthol' and not as 'Godrej soap'.

Trade Mark:-

'Trade Mark' is a word, symbol used to identify a manufacturer's goods or services and distinguish them from those of others.

Trademark can be legally registered. The term
trade-mark is broader than trademark-name
because, trademark may contain the trademark-name
as a part of it.

Brand name :

Brand name is a name of a words used
as a means of identification and distinction.

Like trademark, brand-name can also be registered
legally. Though it has narrower meaning than trade-
mark, it is more effective than trademark or
trademark.

Advertising Appeals

Target consumer or motivate or persuade
Appeals are the motives of target consumers

to which the advertisements refer.

According to nature of human needs

Example:

"Swarf is low in price and high in clearing power".

Appeal to human wants:-

* The need for food and shelter

* The need for clothes and comfort

* The need to look after the welfare of the family.

* The need to feel superior

* The need for social approval

* The need to live long.

10, Appeal to human wants:-

Appeal to the Senses:-

A printed advertisement no doubt makes direct appeal to the mind through the sense of sight. The successful advertiser would make an appeal through as many senses as possible. For example, in case of food stuff, the

advertisement may emphasize its purity, taste or nutritive value. To enable to form an impression of good taste, words emphasizing delicacy may be used. In case of perfumes, the alluring scent can be suggested by appropriate words. The advertiser has to make an appeal in as many ways as possible.

Advertisement Budget:-

fund

Allocation of fund

The total amount of money which a marketer allocates for advertising for a specific period.

Some observations about Budgeting:-

- * It should be flexible
- * Be Sufficient
- * The amount should be vary with variety products.
- * The selection of media should be done with care.
- * Regulate the procedures of spending the sums allotted.

Admin expenses 3456789 Amt careful at point
* Any budgetary control must carefully incorporate the administrative expenses.

Ad ^{Ad} ~~Advertising~~ budget and his advertising goal

* Should be balanced.

Ad ^{Ad} ~~Advertising~~ Amt ^{spend} ~~money~~ ^{goal} ~~must~~ ^{be} ~~careful~~ ^{to} ~~incorporate~~ ^{the} ~~administrative~~ ^{expenses}

* Budget should be tailored.

Total figure ³⁴⁵⁶⁷⁸⁹ ~~of~~ ^{the} ~~budget~~ ^{is} ~~to~~ ^{be} ~~tailored~~ ^{to} ~~the~~ ^{product} ~~and~~ ^{its} ~~requirements~~

* If two or more products, pickup total figure and divide it.

Goal ³⁴⁵⁶⁷⁸⁹ ~~of~~ ^{the} ~~budget~~ ^{is} ~~to~~ ^{be} ~~determined~~ ^{by} ~~the~~ ^{size} ~~of~~ ^{the} ~~business~~

* Experimental attitude are essential.

Ad ^{Ad} ~~Advertising~~ ^{of} ~~the~~ ^{previous} ~~year~~ ^{goal} ~~is~~ ^{to} ~~be~~ ^{compared} ~~with~~ ^{the} ~~current~~ ^{year} ~~goal~~ ^{to} ~~see~~ ^{if} ~~there~~ ^{is} ~~any~~ ^{change} ~~in~~ ^{the} ~~attitude~~

Some observations about Budgeting:-

Advertising expenditure should be budgeted realistically. It should be flexible to meet unforeseen contingencies.

The fund allocated should be sufficient for the purpose.

As far as possible, the amount should vary with various products to be advertised.

The selection of media should be done with care.

There should be budgetary control to regulate the procedures of spending the sums allotted and the

Purpose and the limitations of the budget should be kept in mind.

Any budgetary control must carefully incorporate the administrative expenses.

Advertiser's budget and his advertising goals should be in balance at the start of the budget period.

Budget should be tailored i.e., each manufacturer should work toward the budget that suits him.

Where a manufacturer advertises two or more products, it is safer for him to study and work up a budget for each than to pick up a total figure and divide it.

The size of the budget must be determined in the light of what the advertiser wants to accomplish by advertising.

Advertising as current or capital investment :-

Advertising as a current cost :-

There are two views on the subject.

One view is that the expenditure on advertisement should be treated as current cost or revenue expenditure and should be debited to profit and loss account or revenue account of the business at the end of the year.

It does help to generate immediate sales

It also generates future sales

create and enhances the image of the product or brand

Builds good will, etc.

As far as the purpose of generating immediate sale is concerned, it is correct to view the expenditure of advertising as an operating expense. But the effect of advertising on sales cannot be measured. Most accountants list the advertising expenditure as a business expense and the revenue authorities accept this view for income tax purpose.

Advertising as an Capital investment :-

The second view on the accountability of the amount of expenditure spent on advertisement is that the expenditure on advertisement is an investment because the advertisement contributes not only to the current sales, but to the future sales also; creates image of the product or brand and the image of the advertiser; builds goodwill and fetches acceptance for future products; and consequently serves as an investment towards future profits.

It generates higher sales in future by creating future customers as well as retention of the present ones

It yields higher returns on the investment by creating the image of the product or the brand and the image of the advertiser.

It builds the goodwill for the firm.

Factors Influencing Advertising Budget Appropriation:-

Advertising and Profit Maximisation:-

The long term objective of advertising is to increase the firm's net profits. In some cases, increased profits are the immediate goal, but in other cases, it may not be apparent. Specific advertisements and campaigns are often aimed at the objective of achieving probability.

Advertising and Make Opportunities:-

Should a firm advertise a popular particular product? The answer is "Yes, if there is sufficient opportunity for improving the firm's no-profit position". Detecting an advertising opportunity required rigorous qualitative analysis of market, the product, and the distribution system. There are two broad categories of advertising opportunities.

- i) Advertising to stimulate primary demand
- ii) Advertising to stimulate specific demand

Nature of demand:-

Advertising budget is also influenced by the nature of demand. If advertising is to result in additional net profits, it must produce additional sales volume. If demand can be stimulated through advertising alone, it is said to be "expandable".

Amount of Advertising Expenditure :-

Determine what burden is to be placed upon consumer's advertising in the selling programme and what burden is to be placed on other selling methods.

Decide what media are to be used to carry the advertisement message to the prospective buyer.

Work out the advertising schedule.

Estimate the cost of advertisements on the schedule.

Distribution of the Brand :-

Distributive pattern is yet another influencing factor. There may be occasions where prospective buyers are influenced by the advertising, but are unable to find any retail outlet where the brand is on sale. In such a situation, the whole effort is wasted.

Media:-

Media costs usually represent the largest part of the advertising budgeting. out of the items included in advertising, the amount allocated to buying space in the selected media may normally take a substantial part of the total advertising budget.

Sales Territories:-

The marketing department and the advertising departments must work together in allocating the total advertising expenditure to sales territories. The major criterion of allocation should be the sales potential.

Total exposure :-

The frequency, continuity and amount of advertising apart from the reach of the media, determine the total audience exposure. Each advertiser, within the budget limitation, must develop the pattern of coverage, frequency, continuity and quantum of advertising in a way he deems fit for

achieving the advertising objectives.

Products to be advertised :-

The advertising budget should be broken down into products to be advertised and the amount to be spent on each should be arrived at. Manufacturing schedules of several companies are determined by the seasonal pattern of sales.

Product life cycle:-

The product life cycle is also an important determinant the size of the total budget. Consumer awareness and increased usage of the product are taken into account to determine the level of advertising and cost.

Market share and consumer base:-

Brands enjoying a vast market share usually require smaller advertising budgets as a percentage of sales to maintain their share. However, to build share by increasing market-size or market share requires larger advertising budgets.

Preparation and execution of Advertising Budget:-

Preparation:-

The advertisement budget is planned and prepared by the advertising manager in an organisation with the help of marketing researchers. He determines the size of the future advertising appropriation. This must be allocated among different market segments, time periods and geographical areas.

Presentation:-

The advertisement budget, as developed by the head of the advertising department, is subject to the approval of the chief executive of the company. The company's financial committee is also involved in the final approval process. The final budget is prepared in conjunction with the sales forecast.

Execution:-

After getting the approval for the budget, the next stage is execution. In this stage, the advertising manager should monitor the

Advertisement expenses to make certain that the money is spent in an economical manner. Periodical checks have to be done by him.

Control of Budget :-

The advertising budget should not be less than the advertising expenditure. The expenditure is compared with the provision in the advertising plan. No huge amount should be spent unless the advertiser is constrained to do so in the light of existing conditions. The planned expenditure should match as far as possible. There should be a separate budget for each sales promotion strategy.

Methods of determining the advertising Budget

appropriation :-

i) Fixed guide line approach

a.) Percentage sales Method

b.) Unit sales Method

c.) Competitive parity method.

ii) The objective and cost Method:

iii.) Return on investment approach

iv.) Subjective budgeting,

a.) Arbit^{rat}rary Method

b.) Affordable Method

v.) Marginal approach

vi.) Mathematical Models

Role of Advertising Agencies

1. Creating an advertise on the basis of information gathered about product
2. Doing research on the company and the product and reactions of the customers.
3. Planning for type of media to be used, when and where to be used, and for how much time to be used.
4. Taking the feedbacks from the clients as well as the customers and then deciding the further line of action

All companies can do this work by themselves. They can make ads, print or advertise them on televisions or other media places; they can manage the accounts also. Then why do they need advertising agencies? The reasons behind hiring the advertising agencies by the companies are:

- The agencies are expert in this field. They have a team of different people for different functions like copywriters, art directors, planners, etc.
- The agencies make optimum use of these people, their experience and their knowledge.
- They work with an objective and are very professionals.
- Hiring them leads in saving the costs up to some extent.

There are basically **5 types of advertising agencies**.

1. Full service Agencies

- Large size agencies.
- Deals with all stages of advertisement.
- Different expert people for different departments.
- Starts work from gathering data and analyzing and ends on payment of bills to the media people.

2. Interactive Agencies

- Modernized modes of communication are used.
- Uses online advertisements, sending personal messages on mobile phones, etc.
- The ads produced are very interactive, having very new concepts, and very innovative.

3. Creative Boutiques

- Very creative and innovative ads.
- No other function is performed other than creating actual ads.

- Small sized agencies with their own copywriters, directors, and creative people.

4. Media Buying Agencies

- Buys place for advertise and sells it to the advertisers.
- Sells time in which advertisement will be placed.
- Schedules slots at different television channels and radio stations.
- Finally supervises or checks whether the ad has been telecasted at opted time and place or not.

5. In-House Agencies

- As good as the full service agencies.
- Big organization prefers these type of agencies which are in built and work only for them.
- These agencies work as per the requirements of the organizations.

There are some specialized agencies which work for some special advertisements. These types of agencies need people of special knowledge in that field. For example, advertisements showing social messages, finance advertisements, medicine related ads, etc.

Measuring Advertising Effectiveness

The managerial responsibility in the area of advertising does not come to an end with the execution of an advertising programme. Any sound managerial effort is finally interested in goal attainment and, therefore, always ready to evaluate the results.

Evaluation of advertising or advertising effectiveness refers to the managerial exercise aimed at relating the advertising results to the established standard of performance and objectives so as to assess the real value of the advertising performance.

This evolution exercise is also known as advertising research. It is an attempt to know whether the message designed properly has reached the greatest number of prospects at the least practical cost.

It is an attempt to measure whether the time, talent and the treasure invested in the creative activity has resulted in attaining the goals of profit maximization to the advertiser and satisfaction to the consumers at large.

What is to be measured?

It is quite obvious that in the area of ad effectiveness evaluation, the advertiser is to measure the ad effectiveness.

However, it is not clear as to what is 'ad effectiveness'?

Ad effectiveness evaluation is a research activity and by its very nature, it is to establish the cause and effect relation between the efforts and the results. This ad effectiveness is to be seen in five areas namely, markets, motives, messages, media and overall results.

ADVERTISEMENTS:

In each area, one is to look in for the advertising ability and the achievements in the light of preset objectives. Advertising testing is indispensable because, it enables to get down to the facts, to decide on spending to guard against the mistaken notion that you have to keep in touch with latest trends, to separate wheat from the chaff, the sheep from goats, the winning ideas from the duds, to multiply the results from the rupee investments so made.

When to test?

Testing of ad effectiveness is possible at any stage of advertising process. It can be done before the advertising campaign begins or during its run or after the campaign is fully run. Pre-testing gives the maximum safety as much is not lost; concurrent testing makes him to lose little more as the advertising process has advanced.

Post-testing results in maximum loss if it fails as the whole show is over and he gets the post- mortem report, as to what has happened. Nothing is certain unless and until, we are sure about the accuracy and reliability of feed-back that the advertiser gets from such research.

How to test?

Fortunately, the advertising has wide range of testing techniques or the methods to choose for evaluation purpose. What methods or techniques he is going to use is dependent on when he is going to measure the ad effectiveness.

I. Pre-testing methods:

1. Check-list test:

A check-list is a list of good qualities to be possessed by an effective advertisement. A typical check- list provides rating scale or basis for ranking the ads in terms of the characteristics.

These characteristics may be honesty, attention getting, readability, reliability, convincing ability, selling ability and the like. The ad that gets highest score is considered as the best.

2. Opinion test:

Opinion test or consumer jury test is one that obtains the preference of a sample group of typical prospective consumers of the product or the service for an ad or part of it. The members of the jury rate the ads as to their head-lines, themes, illustrations, slogans, by direct comparison.

3. Dummy magazine and port-folio test:

Dummy magazines are used to pre-test the ads under conditions of approximation resembling normal exposure. A dummy magazine contains standard editorial material, control ads that have been already tested and the ads to be tested. The sample households receive these magazines and the interviews are conducted to determine recall scores.

Port-folio test is like that of dummy magazine test except that the test ads are placed in a folder that contains control ads. The respondents are given these folders for their reading and reactions. The test scores are determined in the interview. The ad with highest score is taken as the best.

4. Inquiry test:

It involves running two or more ads on a limited scale to determine which is most effective in terms of maximum inquiries for the offers made. These inquiry tests are used exclusively to test copy appeals, copies, illustrations, and other components.

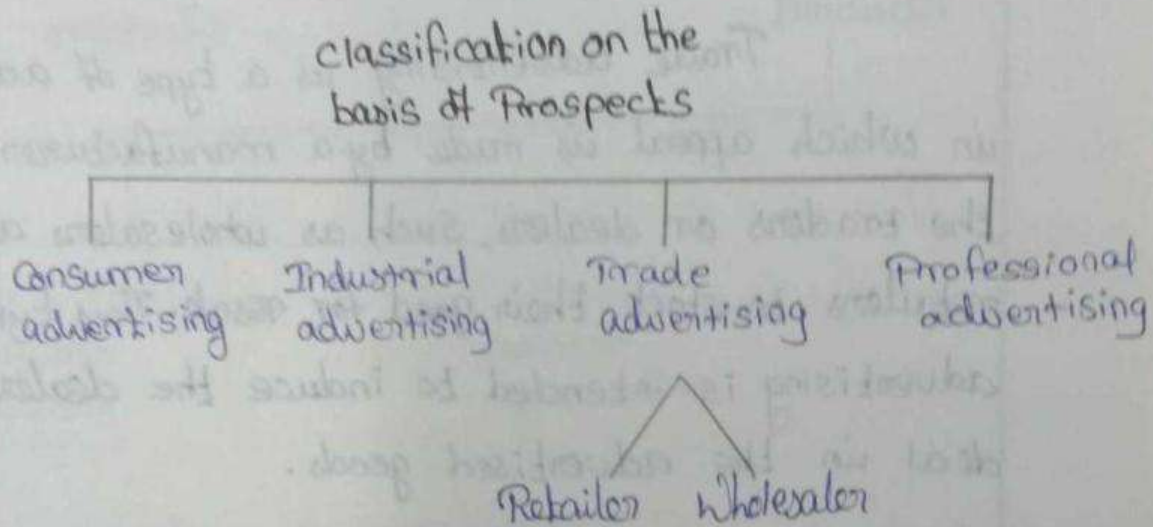
Any of these elements may be checked. The point that is to be checked is changed and all other components are unaltered, to get the score.

5. Mechanical tests:

These mechanical tests are objective in nature unlike the one already explained. These help in provide good measures as to how respondent are eyes and emotions reaching a given advertisement.

Types of Advertising:-

classification on the basis of Prospects:-



Consumer Advertising:-

Advertising in which direct appeal is made by the manufacturers to the ultimate consumers to buy the goods for their consumption is called consumer advertising. This is intended to create demand for consumer goods.

Industrial Advertising:-

Advertising in which appeal is made by the producers to the industrial users to buy the goods for their production is called industrial

Advertising. This type of advertising is intended to create demand for industrial goods.

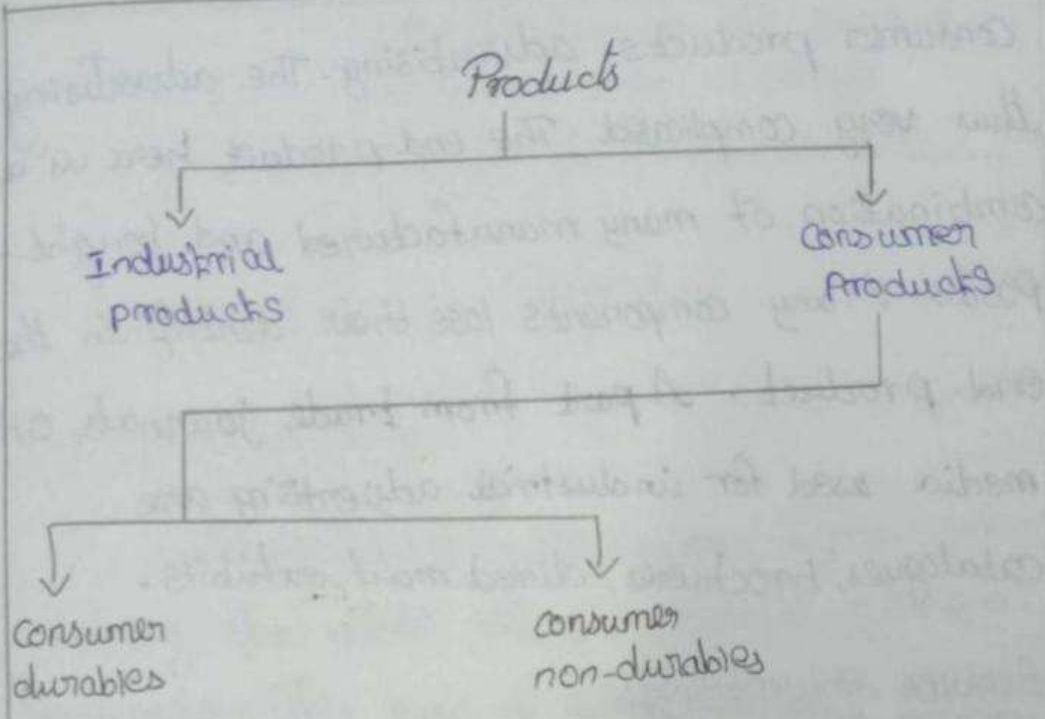
Trade Advertising:-

Trade advertising is a type of advertising in which appeal is made by a manufacturer to the traders or dealers, such as wholesalers and retailers to stock their goods for resale. This type of advertising is intended to induce the dealers to deal in the advertised goods.

Professional advertising:-

Professional advertising is one in which appeal is made by a manufacturer to the professionals like doctors, engineers, etc., to use his products and also recommend the same to others.

Classification on the basis of types of products:



Consumer Products Advertising:-

Most of consumer goods manufacturing companies are in a highly competitive field, and engage in advertising. Consumer non-durables are frequently bought. Consumer non-durables are appliances which serve us for a long time. They are also advertised by making use of both emotional and rational appeals, e.g., Music System, Washing Machine, air conditioners, microwave ovens, refrigerators, etc.

Industrial Product Advertising:-

In terms of volume, industrial product advertising is comparatively much smaller than

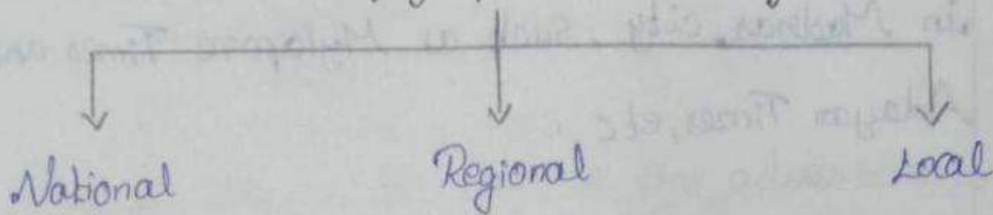
Consumer products advertising. The advertising is thus very complicated. The end-product here is a combination of many manufactured and bought-out parts. Many components lose their identity in the end-product. A part from trade journals, other media used for industrial advertising are catalogues, brochures, direct mail, exhibits.

Service Advertising:

Services are activities or benefits offered for sale. Services are intangible in nature. Personalised services like laundry, beauty salon, automotive repairs, when advertised, place greater emphasis on the institution offering such services and the advantages to be had in patronising them. Bank also advertise the services they offer to their clientele, ATM, e-banking, etc.

Classification on the basis of extent of geographical coverage:-

Classification on the extend of geographical coverage



National advertising:-

Advertising undertaken by an advertiser covering the entire nation is called national advertising. This type of advertising is undertaken by manufacturers.

Regional advertising:-

Advertising that covers a particular region is called regional advertising. It may be undertaken either by manufacturers or by dealers/distributors.

Local Advertising:-

Advertising that covers a particular locality or areas is called local advertising. This type of advertising is undertaken by dealers, such as wholesalers and retailers. Examples are various newspapers

Advertising agencies :-

Meaning :-

An advertising agency is an independent firm formed for the purpose of ^{provide} rendering specialised services in advertising such as preparing copy and layouts for advertisement, getting blocks made for layouts and getting the advertisement out through suitable media. In short it is an independent agency engaged in the preparation and placing of advertisement for and on behalf of advertiser.

Need for or importance of advertising agency :-

- * It is economical and cheaper to use the services of an advertising agency.
- * An advertising agency can take an unbiased ~~are~~ or objective view of

any advertising problem.

* The rich experience of an advertising agency gained dealing with many products and clients could be fully utilised by the advertiser.

* A company's own department may ~~not~~^{not} have much time to produce results, an advertising agency can be put under pressure for giving effective performance at shortest possible time.

* If services offered by an advertising agency are poor or unsatisfactory it can be easily terminated by the company.

* The agency is paid by media owner. The advertiser ^{is} pays nothing for the use of an agency while buying advertising space. He has to pay same costs if

UNIT - IV

Definition of Sales Promotion :-

According to American Marketing

Association "These marketing activities - other than

Personal Selling, advertising and publicity

that stimulate ^{Consumer} purchasing and dealers

effectiveness such as display shows and exhibition,

^{ordinarily or normally} demonstrations and various ^{not continuous or periodic} non-recurrent

Selling efforts not in the ordinary routine.

Need for Sales promotion:

- * To secure attention towards new products and product improvement.
already old product sales
- * To improve the market share of company.
sales increase - share improve
- * To avoid duplication of goods.
- * To create awareness among consumers about new brands.
product differentiation
- * To face competition in the market.
- * To create talking points for their sales force.
Sales Promotion - Sales force - 6

The need for sales promotion activities are vast and varied. A company may offer high quality goods at reasonable price with attractive package, etc. The company might have spent a lot on advertising and have good sales force. Still the product may not sell by itself. The need for sales promotion arise due to following reasons:-

15:

Objectives of Sales Promotion:-

To introduce new products:-

Sales promotion is often used to motivate consumers to try a new product.

Dealers are also induced to buy new products for resale. Usually, free samples are given to introduce new products to customers. Discounts on cash or goods may also be offered to dealers to

stock a new product.

To Attract new customers:-

Sales promotion measures aim at attracting new customers. Usually, additional customers are won away from other firms. Samples, gifts, prizes, etc., are used to encourage consumers to try a new brand or shift their patronage to a new dealer.

To induce present customers to Repeat Purchase

More:-

Sales promotion devices are also used to induce present customers to buy more. Product development, offering three products at the cost of two are some of the devices used to encourage customers to buy more.

To help the firm remain competitive:-

All the companies conduct sales promotion activities. They do so to remain competitive. Therefore, no company can afford to ignore promotion activities.

To increase sales during off seasons:-

Since many products have seasonal demand like fans, refrigerators, an important aim of sales promotion of such goods is to encourage purchase during off seasons. That is why we find discount, off season price reduction of such items in the market.

To Add to the stock of the Dealers:-

The wholesalers and retailers who have a variety of goods in their shops can sell more easily to customers. Therefore, sales promotion activities are undertaken by the manufacturers to encourage dealers to have more stocks of their goods.

To increase loyalty:-

Loyalty to a product or service is much more subjective and personal in nature than repeat purchase. Loyalty keeps the product moving even when the company is facing problems in terms of price, distribution etc.

To widen usage:-

Very often it would be seen that one product is widely used in one sector and not so in other sectors. The trend would be changed by educating consumers about the other uses of products.

16. Methods of sales promotion:-

Sales force promotion:-

As pointed out already, personal selling is highly essential in marketing. To make personal selling highly effective, sales force promotion is essential.

Bonus:-

Bonus is usually offered to salesmen who sell in excess of the quota.

Salesforce contests:-

Salesforce contests are arranged to stimulate the efforts of the salesmen. The sales promotion department usually arranges such contests to increase the efforts and energies of the sales force.

Sales meetings and conferences:-

Sales meetings and conferences are also arranged for the purpose of educating and inspiring the sales force. In such conventions and conferences, the sales promotion department exposes the salesmen to the latest sales techniques and latest methods of promotion of goods.

Sales promotion of Dealers:-

There is need for a cordial relationship between the manufacturer and the dealers i.e., wholesalers and retailers including the agent middlemen. It is highly essential because it is only through dealers that a manufacturer sells his goods.

By provision of management aids:-

Modern manufacturers offer a variety of management aids to dealers. Management aids include technical guidance and assistance like scientific layout of the stores, arrangement of goods in the stores, lighting arrangement, etc.

By Sharing of information :-

The manufacturer sometimes conveys all information about a product to the dealers, such as information relating to production processes etc. The dealer also informs the manufacturer about consumer's demand pattern, their likes and dislikes, tastes and preferences, complaints and criticisms, substitute goods, competitive product and so on.

Training of dealers :-

The sales promotion department arranges to train dealers about the various aspects of sales. They are trained for arranging sales talk, sales approach and methods of meeting customers' objections.

Furnishing dealers with sales literature and display materials :-

The dealers are supplied with sales literature by the manufacturers. Their sales literature include literature of all aspects of sales that assist dealers in making a sale. In case of bulky and costly goods which cannot be displayed physically, display materials, posters show cards act as promotion materials.

Attractive terms of sale:-

The manufacturer offer a number of attractive terms to dealers in order to induce them to buy an article. In case of new products, the producer may offer some buying allowance to the dealers. This may induce dealers to buy products introduced by the manufacturer.

Taking the goods back:-

Sometimes, the manufacturer promise the dealer to take back goods if they remain unsold. Old stocks and old models are also taken back by the manufacturer. These kinds of incentives inspire the dealers to stock and sell goods more vigorously and enthusiastically.

Consumer promotion:-

Consumer promotion includes samples, coupons, money-refund offers, price-off, premiums, contests, demonstrations and trading stamps.

Samples :-

Samples are free distribution of a product for the purpose of obtaining consumer acceptance. It is useful for promoting new product.

Coupons :-

Coupons offer a discount on new purchases of a product. They are certificates entitling the bearer to a discount on the purchase of a specific product.

Money refund offers :-

Money refund offers are granted to purchasers. Sometimes, customers are given the product at a price below the normal rate.

Contests :-

Contests to attract customers by offering substantial cash or merchandise price cuts.

Demonstrations :-

Demonstrations are conducted to inform the public or consumers in the target market about the attributes and utilities of product.

Trading stamps :-

Trading stamps are a special type of premium received by customers, which can be redeemed for merchandise through stamp redemption.

17. Reasons for growth of sales promotion :-

Cost - Effective :-

High cost of media advertising such as newspapers and TV, is one of the main reasons to find more cost-effective forms of sales promotion.

Growth of super markets :-

The growth of huge Supermarkets necessitated the need for aggressive selling, on-the-shelf promotion is another reason for its growth.

Accelerates cashflow :-

By inducing more sales through sales promotion, inflow of cash increases. This could be one of the objectives of the firm.

Production capacity:-

To maintain the high production capacity, a company may go for sales promotion to accelerate sales.

Creation of Goodwill:-

Media advertising tends to be impersonal whereas sales promotion is more personal, linking the manufacturer with the customer.

Fun and excitement:-

The introduction of a certain amount of fun and excitement into promotions which customers can enjoy as participants.

8. Role and Significance of Sales promotion:-

Benefits to Manufacturers:-

It create new customers:-

Generally, no manufacturer will be contented with his present sales turnover because, he knows that it can be improved upon. This is possible by enlisting new customers through sales promotion programme, as it

has the capacity to convert potential consumers into actual customers.

It retains the existing customers:-

Every manufacturer has his own class of customers for his products and services. Tagging the customers but ~~in retaining them~~ to the product or the firm for a long time is the basic function of sales promotion.

It combats competition:-

Business means competition. A healthy competition is essential for bringing about allround improvement in performance of all manufacturers.

It is the competitive spirit that makes one excel.

It uses middlemen:-

This is true that there cannot be total sales by manufacturers to consumers in these days of mass production on one side and widely scattered consumers on the other; middlemen connect the two ends to ~~met~~ balance the demand for supply of goods.

It slashes down the costs:-

Sales promotion is one of the promotional tools ~~not~~ noted for creating, maintaining and extending demand for the firm's products. This means that mass distribution supports the very idea of mass production and the benefits of this mass production are transmitted to all.

Benefits to Middlemen:-

It Multiplies sales:-

Middlemen are benefited by sales-promotion activities that create new customers and retain the existing ones. The overall effect is that their sales turnover goes on increasing, which is quite beneficial to them.

It reduces strain:-

In absence of sales-promotion tool, the middlemen would have been forced to work very hard to create, maintain and extend the demand for the goods on their shelves. Like advertising, it creates a fertile ground and makes possible

Quick returns than advertising.

It builds store image:-

Sales-promotion covers a wide range of techniques such as demonstration, exhibition, games, contests, displays, window-signs, packages which give a face-lift for the retail outlet. This is truly an image building exercise for a retailer.

It hikes earnings:-

Increased sales for retail stores through sales promotion efforts result in multiplied earnings of commission and profits.

It grants personal benefits:-

In addition to the increased earnings, sales promotion makes possible some special non-cash benefits to a middleman and his family associated with his business.

Aggressive Selling:-

Meaning:-

Aggressive selling (also known as offensive selling) refers to the various sales efforts made aggressively or vigorously by a manufacturer to obtain increased value of sales for his product.

Circumstances Suitable for Aggressive selling:-

- * When his share of the market is small.
- * When the market for his product is expanding.
- * When some improvements have been made in the product.
- * When his product is superior when compared to the product of his competitors.
- * When he has introduced new product.
- * When he has not used full production capacity and he wants to utilise the plant to its full capacity.

* When he wants to exhaust the piled up stocks.

* When he has to create demand for his product by educating the consumers regarding the uses of his product.

Methods of Aggressive Selling:-

* Trade or dealer promotional methods

* Consumer promotional methods.

Trade or dealer promotional Method:-

* Special discount, Higher discount or price deal.

* Cash discount.

* Extra product or merchandise deal.

* Gifts or premium offers.

* Dealers' coupons.

* Dealer Contest

Consumer Promotion Method:-

Samples, Coupons, money refund offers, price off, contests, demands fractions and trading stamps.

Personal selling vs sales promotion

SE

Posted By Terms Compared Staff | Sep 23, 2019 | Marketing | ★★★★★

There are various activities that are carried out by companies to inform their potential buyers about the [benefits](#) of their products. These are referred to as the promotional mix of the [company](#), and include different tools like [advertising](#), personal selling, [public relations](#), [sales promotion](#), direct [marketing](#) and corporate image.

In this article, personal selling and sales promotion will be defined in detail, and the differences between the two will be discussed.

Definitions

Personal Selling

personal selling is the promotional activity carried out by companies or sellers in which they present their [product](#) or service to a prospective customer and explain to them the benefits and advantages of it. This is usually carried out by a sales representative whose goal is to persuade the customers to [buy](#) their product.

personal selling involves a direct contact between the company's representative and the

1. Meaning

Personal selling involves an interaction between the buyer and the seller, in which the product **features and benefits** are explained to the customer directly by the company representative. On the other hand, in sales promotion, a company provides incentives to customers in the short run to purchase a product. This may include discounts, vouchers, buy one get one free offers, and so on.

2. Objective

The objective of personal selling is to make customers aware about a product and to develop an association with them for the long term, which will bring about an eventual increase in sales of the company. In addition, personal selling also aims to convince customers to try a new product. The objective of sales promotion is to generate higher sales for the company and to clear their stock in a short time period.

3. Interaction

In personal selling, there is direct contact between the buyer and the seller, where the customer is provided information regarding the products. However, there is no direct contact between

4. Target market

Personal selling is carried out in those markets where there limited number of possible customers, but those who have high purchasing power. On the other hand, sales promotion is carried out where there are a large number of customers; hence, the target market for sales promotion is much greater.

5. Cost incurred

A greater cost is incurred in personal selling as it requires a dedicated sales force that needs to be provided adequate training to communicate in an appropriate manner with the customers. On the other hand, sales promotion incurs a lower cost in comparison to personal selling.

6. Tools used

Sales promotion relies on offering incentives and discounts to bring about sales, whereas the use of such tools is absent in personal selling.

7. Type of product

Personal selling is used when the value of the product is high, and when the product is complex to use or is made exclusively for certain customers. On the other hand, sales promotion is carried out on standardized products that are of relatively low value and can be used without

Personal selling vs sales promotion – tabular comparison

A tabular comparison of personal selling and sales promotion is given below:

PERSONAL SELLING	VS	SALES PROMOTION
Meaning		
A promotional activity carried out in which a company representative directly explains the attributes of a product to a potential customer to persuade them to buy their product		A promotional activity carried out by a company to increase sales in the short run by offering incentives to potential customers
Objective		
Increase customer awareness about a product; develop long-term relationships		Generate greater sales; clear the stock in a short time period
Interaction		

Interaction

Direct contact between buyer and seller

Indirect contact between buyer and seller

Target market

Few potential customers with high purchasing power

Greater number of potential customers

Cost incurred

High

Low

Tools used

Two-way communication

Offers and incentives

Type of product

Conclusion – personal selling vs sales promotion

The differences between personal selling and sales promotion are based on the objective they fulfill and the process they adopt. However, despite their distinctions, both of them are effective instruments that are used as part of integrated marketing communications. Companies use these methods as promotional tools to present a message that they have created regarding their products to the target market so as to explain to them the different [features](#) and advantages of the product. Their eventual goal is to bring about a greater number of sales. Hence, both the tools are vital for an organization seeking an increase in sales.

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-

Important tools of Sales Promotion Schemes

1. Competitions

Prize contests depend for success on the value or originality of the prize and the number of prize offered, including the consolation prizes. The entry requirement can be proof of purchase such as a token or entry coupon detached from the pack, extra entries requiring extra purchases. To be legal, contests require an element of skill. Contests should be organized with adequate time for proper adjudication, and there should be publicized announcement of results.

2. Self-liquidating premium offers

The meaning of the expression 'self-liquidating' is that cost of liquidating the premium is collected from the buyer. For example, the manufacturer of a bathing soap, may offer a 'soap box' at a very nominal price if the soap is purchased. The manufacturer may buy the soap box in very large quantities at an attractive rate and then may make an attractive offer to the consumers to stimulate sales.

5. Free gifts with goods

The gift is usually attached to the product, as with a toothbrush attached to a carton of toothpaste; Toys (carefully packed separately) may be inserted in packets of baby food.

6. Picture cards

Picture cards encourage repeat buying in order to retain them. They may be inserted in packs, or printed as cut-outs on cartons.

7. Gift coupons

Coupons, with a stated value is kept inside the packet. Again, these have to be collected in order to qualify for gifts, and so require repeat purchasing. A catalogue of gifts must be made available.

8. Cash premium vouchers or coupons

These can be redeemed at the retail shops as a price reduction. They may be printed in press advertisements, delivered door-to-door, or printed on packs as money off for the next purchase.

9. Cross-Coupons offers and other schemes

This is a popular co-operation scheme whereby an on-pack coupon or token enables the customer to buy another product (not necessarily made by the same manufacturer) at a reduced price.

10. Coupon Redemption schemes

This is fairly a recent on-pack idea, whereby a product carries a premium coupon entitling the customer to a discount at named store. This is liked by the store because the discount can lead to other purchases.

11. Jumbo or multiple packs

It signifies that a number of items are packed together or the container is extra large, and they are offered at a special price. It is an economical way of, both packing and buying

12. Money-off offers

Money-off offers, are 'flashed', that is, printed on the wrapper or carton, a sure way of inducing impulse buying.

13. Packing

Another important attempt of sales promotion is through attractive package. Now-a-days customers are attracted by good and attractive packing of products. A good package is one which is attractive and protective, tells the product story, builds confidence, convenient to handle and above all economical.

The economy and attractiveness of packing are two important areas which the sales promotion department should always keep in mind.