



**renaissance**

college of commerce & management

## **SYLLABUS**

**Class – B.Com V Sem. (Management)**

**Subject – Sales Promotion & Public Relation**

|            |                                                                                                                                                                                                                                                          |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UNIT – I   | Nature and importance of sales promotion, its role in marketing, forms of sales promotion, trade oriented sales promotion and sales force oriented sales promotions                                                                                      |
| UNIT – II  | Major tools of sales promotion, samples, point of purchase displays, demonstration, Exhibitions, Fashion shows Sales contests, Games of chance and skill, Lotteries, Gift offers, premium and free goods, price packs, Rebate, Patronage rewards.        |
| UNIT – III | Conventions, Conference and trade shows, specialties and novelties, developing and sales promotion programmers, pretesting implementation, evaluating the results and making necessary modifications.                                                    |
| UNIT – IV  | Public Relations: Meanings, features, growing importance role in marketing, similarity between. Publicity and PR. Major tools of PR; News Speeches, special events, handouts and leaflets, audio-visual, public service activities, miscellaneous tools. |
| UNIT – V   | Ethical and social aspects of sales promotion and public relations.                                                                                                                                                                                      |



## Unit I

### Meaning and Definition of Sales Promotion

Sales promotion refers to many kinds of incentives and techniques directed towards consumers and traders with the intention to produce immediate or short term effects. In fact, whenever a marketer increases the value of its products by offering an extra incentive to purchase a brand or product, it is creating a sales promotion. The objective of sales promotion is to encourage 'action', although promotion can also help build identity and awareness.

A few definitions of 'Sales promotion' are quoted below:

1. **American Marketing Association (AMA) offering this definition:** "Sales promotion is media and non-media marketing pressure applied for a predetermined, limited period of time order to stimulate trial and impulse purchases, increase consumer demand, or improve product quality."
2. More recently, the **Council of Sales Promotion Agencies** offered a somewhat broader definition: "Sales promotion is a marketing discipline that utilizes a variety of incentive techniques to structure sales-related programme targeted to consumers, trade, and/or sales levels that generate a specific, measurable action or response for a product or service."
3. **William Stanton defines sales promotion as** "demand-stimulating devices to supplement advertising and facilitate personal selling." He further writes that examples of sales promotion devices are coupons, premiums, in-store displays, trade shows, samples, in-store demonstrations, and contests.
4. Definition by **Institute of Sales Promotion, UK**, "Sales promotion comprises that range of techniques used to attain sales/marketing objectives in a cost-effective manner by adding value to a product or service either to intermediaries or end-users, normally but not exclusively within a defined time period."
5. **Don E. Schultz and William A. Robinson offer this definition**, "Sales promotion is the direct inducement or incentive to the sales-force, the distributor, or the consumer, with the primary objectives of creating an immediate sale."
6. According to **Roger A. Strang**, "Sales promotions are short-term incentives to encourage purchase or sale of a product or service."
7. In the words of **Richard J. Semenik**, "Sales promotion is the use of incentive techniques that create a perception of greater value among consumers, the trade, and business buyers."
8. In the words of **Louis J. Haugh**, "Sales promotion has been defined as a direct inducement that offers an extra value or incentive for the product to the sales-force, distributors, or the ultimate consumer with the primary objective of creating an immediate sales."

### Nature, Characteristics or Various Aspects of Sales Promotion

1. **Target:** Sales promotions are conducted by producers and middlemen. The target for producers' sales promotions may be middlemen, end users-households or business users-or the producer's own sales-force.
2. **Categories:** There are three categories of sales promotion: trade promotions, directed to the members of the distribution channel; consumer promotions, aimed at consumers; and sales force promotion directed at salespeople to motivate them to increase their selling efforts.
3. **Extra Incentive:** Sales promotion involves some type of inducement that provides an extra incentive to buy. The incentive may also be a free sample of the product, given in hopes of generating a future purchase.
4. **Acceleration Tool:** Sales promotion is designed to speed up the selling process and maximize sales volume. Sales promotion techniques can motivate consumers to purchase a larger quantity of a brand or shorter the purchase cycle of the consumers by encouraging them to take more immediate action.



5. **Immediate Impact:** Sales promotion can often be implemented quickly and get sales results sooner than advertising. Philip Kotler says, "Sales promotion offers reasons to buy now."
6. **Focus on Short-Term Action:** Sales Promotion objectives usually focus on promoting some short-term action. The desired action by an employee might be a special effort to satisfy customer or more emphasis on selling a certain product.
7. **Non-Media Activity:** Sales promotions are sometimes referred to as non-media activity or as 'below-the-line' activity. This differentiates sales promotions from advertising and publicity and also includes them as part of the overall promotion mix.
8. **Strategic Role:** Because of the immediate nature of the impact, sales promotions have, in the past, been thought of as merely tactical. This view is changing and the strategic role of sales promotions and their integral role in the promotional mix are being recognized.
9. **Planned Activity:** The fact that sales promotions can be effective throughout the life of a brand shows their strategic role. Clearly, sales promotion activities should therefore be planned and not just in an ad hoc manner.
10. **Supporting Activity:** Sales promotions are generally used to complement the other promotion methods.
11. **Versatile:** Sales promotions are extremely versatile. The different forms of sales promotions are capable of being used with various groups and designed to achieve different effects. Given this versatility, sales promotions can be useful throughout the product life cycle.
12. **Growing Field:** The total spending on sales promotion now exceeds spending on advertising. Promotional budget is increasing than allocated to advertising. The field of sales promotion has grown rapidly over the last fifteen years.
13. **Marketing Communication:** Similar to advertising, sales promotion is one type of marketing. It is focused on creating action.
14. **'Action'-the Ultimate Goal:** Although an 'action response' is the goal of the most sales promotion, it is also designed to build awareness. But it always focuses on action as the ultimate goal.
15. **Effective Marketing Activity:** Ultimately, the basic reason for the growth of spending on sales promotion is that it is now recognized as a very effective marketing strategy.

### Objectives of sales promotions:

Sales promotions objectives vary widely. To help ensure the proper application of sales promotion, specific objectives must be set. These may be as follows:

1. **Stimulate Trial Purchase:** When a firm wants to attract new users, sales promotions tools can reduce the consumer's risk of trying something new. A reduced price or offer of a rebate may stimulate trial purchase.
2. **Stimulate repeat Purchases:** In-package coupons goods for the next purchase, or the accumulation of points with repeated purchases, can keep consumers loyal to a particular brand.
3. **Stimulate Larger Purchases:** Price reductions or two-for-one sales can motivate consumers to stock up on a brand, thus allowing firms to reduce inventory or increased cash flow.
4. **Introduce a New Brand:** Because sales promotion can attract attention and motivate trial purchase, it is commonly used for new brand introduction.
5. **Combat or Disrupt Competitors' Strategies:** Because sales promotions often motivate consumers to buy in larger quantities or try new brands, they can be used to disrupt competitors' marketing strategies. If a firm knows that one of its competitors is launching a new brand or initiating a new advertising campaign, a well-timed sales promotion offering deep discount or extra quantity can disrupt the competitors' strategy.
6. **Contribute to Integrated Marketing Communications:** In conjunction with advertising, direct marketing, public relations, and other programmes being carried out by a firm, sales promotions



suggest an additional value, with price reductions, premium, or the chance to win a prize this is an additional and different message within the overall communication effort.

7. **Increasing Consumption of an Established Brand:** Sales promotion can generate some new interest in an established brand to help increase sales or defend market share competitors.
8. **Defending Current Customers:** With more new brands entering the market every day and competitors attempting to take away their customers, many companies are turning to sales plans to hold present customers and defend their market share.
9. **Targeting a Specific market Segment:** Most companies focus their marketing efforts on specific market segments and are always looking for ways to reach their target audiences. Many marketers are finding that sales promotion tools such as contests, coupons, and samplings are very effective ways to reach specific geographic and demographic markets.
10. **To disrupt Existing Buying Habits:** A coupon offering a discount might cause brand switching for a product such as orange juice or motor oil. For which many consumers do not have strong preferences.
11. **To Attract New Customers:** Demonstrations of Products such as vacuum cleaners or food processors can show people how easy they are to use and how well they perform.
12. **To Increase Impulse Buying:** End-of-aisle and island displays in supermarkets can increase sales of a product by as much as 50 percent.
13. **To Get Greater Retailer Co-operation:** A sporting-goods manufacturer gets additional shelf space by setting up point-of-purchase displays, training retailers' salespeople, and providing tote bags to be given away with purchases.

#### Other Objectives:

- a. To speed up the sales off slow moving products.
- b. To check the fluctuations in sales.
- c. To clear the excessive inventories.
- d. Motivate dealers to stock and sell more.
- e. Encourage dealers to participate in display and sales contests.
- f. To gain advantageous shelf-space.
- g. To increase store traffic.
- h. To improve relationship with dealers.
- i. To motivate sales-force.
- j. To supplement advertising and personal selling efforts.
- k. To deflect customers; attention from price.
- l. To educate customers and dealers.
- m. To develop patronage habits among the customers.
- n. To facilitate the market research study on consumer motivates and behaviour.
- o. To increase the goodwill of the firm.

#### Importance of Sales Promotion

1. It is the branch of marketing that informs the consumer about the product.
2. Increase in sales by providing extra incentive to purchase. May focus on resellers (push), consumers (pull) or both.
3. Attract customer traffic and maintain brand/company loyalty.
4. Reminder functions-calendars, T Shirts, match books etc.
5. Impulse purchases increased by displays
6. Objectives must be consistent with promotional objectives and overall company objectives.
7. Balance between short term sales increase and long term need for desired reputation and brand image.
8. Contests generate excitement esp. with high payoffs.



**renaissance**

college of commerce & management

### **The Role of Promotion in marketing**

Promotion is any form of communication a business or organization uses to inform, persuade, or remind people about its products and improve its public images. Sales promotion depends upon the type of product we are selling.

All marketing activities that are used to stimulate consumer purchasing and sales effectiveness uses some means of sales promotion techniques.

Sales Promotion is one of the important parts of any marketing mix. It involves planning of all promotional activities (Like Road shows, sponsoring events, Exhibitions etc.) to aware the consumer about the brand or product so as to increase the sales in terms of both volume & value. This also involves planning of Point of purchase (POP) & Point of sales (POS) material required for a particular campaign.

### **1. Objectives of Sales Promotion in marketing**

- a. Increase sales
- b. Inform customers about new products
- c. Create a positive store or corporate image

### **2. Major Characteristics of Sales Promotion in marketing**

- a. Short term activities
- b. Offers some type of incentive
- c. Can be successfully used in all channels of distribution.

### **Forms of Sales Promotions**

Sales promotion can be either consumer promotion, trade promotion or sales force oriented .

**1. Consumer Sales Promotion** - designed to encourage customers to buy a product. It includes samples, coupons, money refund offers, contest and Prize distribution to winners of promotional schemes are the more tangible aspect of any such program.

**2. Trade Promotional tie-ins** - involve sales promotional arrangements between one or more retailers or manufacturers. They combine their resources (advertising and sales promotional activities) to do a promotion that creates additional sales for each partner. Trade Promotions - sales promotion activities designed to gain manufacturers', wholesalers', and retailers' support for a product. More money is spent on promoting businesses than to consumers.

Slotting allowances - a cash premium paid by the manufacture to a retail chain for the costs involved in placing a new product on its shelves.

Buying allowances - special price discount given by manufacturers to wholesalers and retailers to encourage them to either buy a product or buy a larger quantity.

### **3. Sales force oriented Sales promotions**

This type of sales promotions emphasizes to increase and boost up of the morale of the sales people. They are been offered commission, bonus and other incentives for the increase of the sales so that they work dedicatedly.

Sales promotion directed towards the sales people is referred to as sales force promotions. These schemes are intended to motivate sales people to put in more efforts to increase sales, increase distribution, promote new or seasonal products, sell more deals to resellers, book more orders, develop prospects lists and build up morale and enthusiasm. Some of these activities are meant to prepare the sales people to do their jobs well and Sales incentives are given to managers and employees who successfully meet or exceed their company's set sales quota.



## Unit II

### Major tools of sales promotion

Sales promotion is an action which increases the volume of sales. It aims directly at inducing purchasers to buy a product for which various ways are adopted like demonstrations, contests, price offs, coupons, free samples, special packaging and money refund offers & lotteries. These activities are non-recurrent in nature & is for a short period of time.

Samples, Point of purchase displays, demonstration, exhibitions, and fashions shows sales contests, games of change & skill. Lotteries, gift offers, premium & free goods, price packs Rebate, Patronage rewards.

**Samples** – For many customers experiencing is believing. For such potential customers providing a sample unit is important. In layer sample, more are the chances of conversion but it is more expensive.

Sampling helps to encourage trial use of a new product and it is most appropriate with products that are frequently purchased. Samples give customers the opportunity to experience products in small quantity without purchasing the product.

### Following factors are kept in mind before sample distribution

1. Sample shall represent same quality
2. It shall have attractive & appealing packaging
3. labelling shall be done on sample which says 'not for sale', sample copy', free good etc."
4. Market study should be done thoroughly before sample distribution

### Advantages

1. Free sample attracts consumer. They are very influential.
2. Quality of the product can be accessed by consumer.
3. It helps consumer to clear doubts and confusion.
4. Helps manufacturer to accelerate the sales of the product.

### Disadvantages

1. Sample distribution are mostly for low priced consumer products which are not given much attention
2. Distribution costs are also increased in sampling .
3. Buying habits and brand loyalty are rare to change from samples.
4. Samples at times do not reach to the target audience.
5. At times samples are offered at lowest cost by retailers instead of being free.

### Price cuts

Reduction in price on an item attracts more and more customers. To do so manufacturer may reduce his share of profit or give up a part or the whole of the contribution towards overheads but a substantial reduction may still cover cost.

### Premiums

A premium offers substantial saving to the consumer which can result in increasing purchase or additional quantity of purchase. It depends upon estimates of long term total increase in purchase.

### Main objectives of giving away premium are –

1. To establish the image of the product
2. To strengthen consumer loyalty
3. To conquer the competition existing in the market



**renaissance**

college of commerce & management

4. To increase the sales volume
5. To maintain regular sales of seasonal and less demanded items.
6. To inform the consumers about the new use of the product
7. To create new customers and to make the existing customers as permanent customers
8. To increase sales in specific area of the market
9. To increase the goodwill of the firm
10. To diversify the product line

#### **Factors to be considered while selecting premiums**

1. It should be an item of special use for the consumers
2. It should be a low-price item which is not easily available in the market.
3. It should be attractive and creditworthy item.
4. The consumers must have prior knowledge of the item being offered as premium so that they may be attracted easily towards the product.
5. The premium should be easy to carry with.

#### **Methods of giving away premiums**

1. Direct-give-away method
2. Combination sales methods
3. Purchase privilege plan
4. Exchange of coupons
5. Cash refund offers or rebates
6. Self liquidating method
7. Reusable containers method
8. Patronage rewards
9. Additional weightage/product sales
10. Exchange of new product against the old/second hand goods.
11. Price packs or cent-off deals

#### **Free goods**

A free goods promotion is a deviation from straight price-cut. The promotion offer to trade is in the form of extra quantity of purchased product." A free goods offer is advantageous to the manufacturer. The actual cost of manufactured product is less than the price to reseller. The monetary value of the offer is more to the retailer than the cost to the manufacturer.

#### **Coupons**

A coupon may offer a certain reduction in price upon a specific product. This technique may be used in isolation or in conjunction with other techniques. It can attract customers into a store as the coupon has to be physically carried to the point of sale, thus it encourages a retailer also to stock a brand that is in demand. It can be used to encourage customers to visit new store and to a new product or to even to boost the sales of the existing product.

Coupons technique if used selectively can significantly increase the trial usage. Pepsi, Cadbury, Coca cola etc use this technique to kill competition edge over market.

#### **Combination offers**

Food and drug marketers use combination offers. Sometimes a combination offer introduces a new product by tying its purchase to an established product at a special price.



**renaissance**

college of commerce & management

### **Sales Contests and Sweepstakes**

A sweepstakes offers prizes based on a chance drawing of entrant's names. A game has the chance element of a sweepstake but is conducted over a longer time. According to the American Association of Advertising Agencies, "A contest is an event that invites the customer to apply skill to solve or complete a special problem.

### **Factors to be considered in connection with organizing of contest**

1. The terms and conditions of participation in the contest should be clearly specified in the notification.
2. Purchases of any product should be an essential conditions for participation
3. Attractive prizes should be provided for the winners.
4. There should be an option for encashment of prizes announced.
5. The proposed contest should involve the skills and ability of the participants in solving the problems.
6. There should not be much time gap between the closing date of completed entries for the contest and the declaration of results.
7. Entries in the contest should be prohibited for the employees and their relatives.

### **Price Discount (cent-off) Rebate**

Price discounts (also called cents-off deals) are communicated to the consumers through advertising at the point-of-purchase by listing the reduced price on the package or signs near the product or window display, or by the sales people.

### **Price-pack Deals**

Price-packs are also called value-packs. This may take any of the two forms, bonus pack and banded pack. In case of bonus pack offer, an additional quantity of the same product is offered free when the standard pack size of the product is purchased at a regular price. This is a way to reward the present consumers and may not have any impact on the users of competitive brands.

### **Fashion shows**

Some of the large scale producers, organises fashion shows in big cities to publicise for their fashion goods. This is also an encouragement to the dealers. Many manufacturer sponsor major events and shows to position their products in the minds of their target audience.

### **Patronage reward**

They are values in cash or in other forms that are proportional to one's patronage of certain vendors. Patronage rewards are given to those buyers who are regular buyers of the same producer. Consumers collect points, credits for purchases and redeem them afterwards for rewards.

These types of premium may be in cash or in kinds. Frequent flying and miles privileges are some of the examples of such rewards.

### **Point of purchase (POP) displays**

Point of sale is places where customer meets the seller & exchange of goods & services are done. Point of sales promotion can influence the purchaser. Kiosk flag display shelf or an influencing window can influence the sales. Prominent signs tags & models may also be used to attract attention to counter display. Pop promotion that is compatible with a store's image & its decoration can creates interest & attracts customers' goods.



**renaissance**

college of commerce & management

### **Displays and demonstration**

The manufacturers provide hundreds of displays, signs and posters to the retailers to be used at the point of purchase. In addition to this, goods are demonstrated before the consumers to make them aware about the quality and nature of the product, using handling methods, etc. of the product.

### **Trade shows and exhibitions**

Products are demonstrated in front of the prospective buyers/agents at the shop set up within the pavilion. Fairs and exhibitions provide an opportunity to come in contact with customers and dealers from different countries and give wide publicity of the products.

### **Sponsoring the games and teams**

Manufacturing company's sponsor for different games and sports organized in the country and abroad, to maintain their goodwill. This will create product and producer image among the people at international level.

### **Lotteries**

A lottery is a form of gambling which involves the drawing of lots for a prize. Prize competitions, unlike lotteries, do not need a Gambling Act License. A prize competition must require entrants to exercise skill or judgement or to display knowledge, such that it can reasonably be expected to prevent a "significant proportion" of people from participating or from receiving a prize.