

Entrepreneurial Management

Chapter 11

Promotional Planning

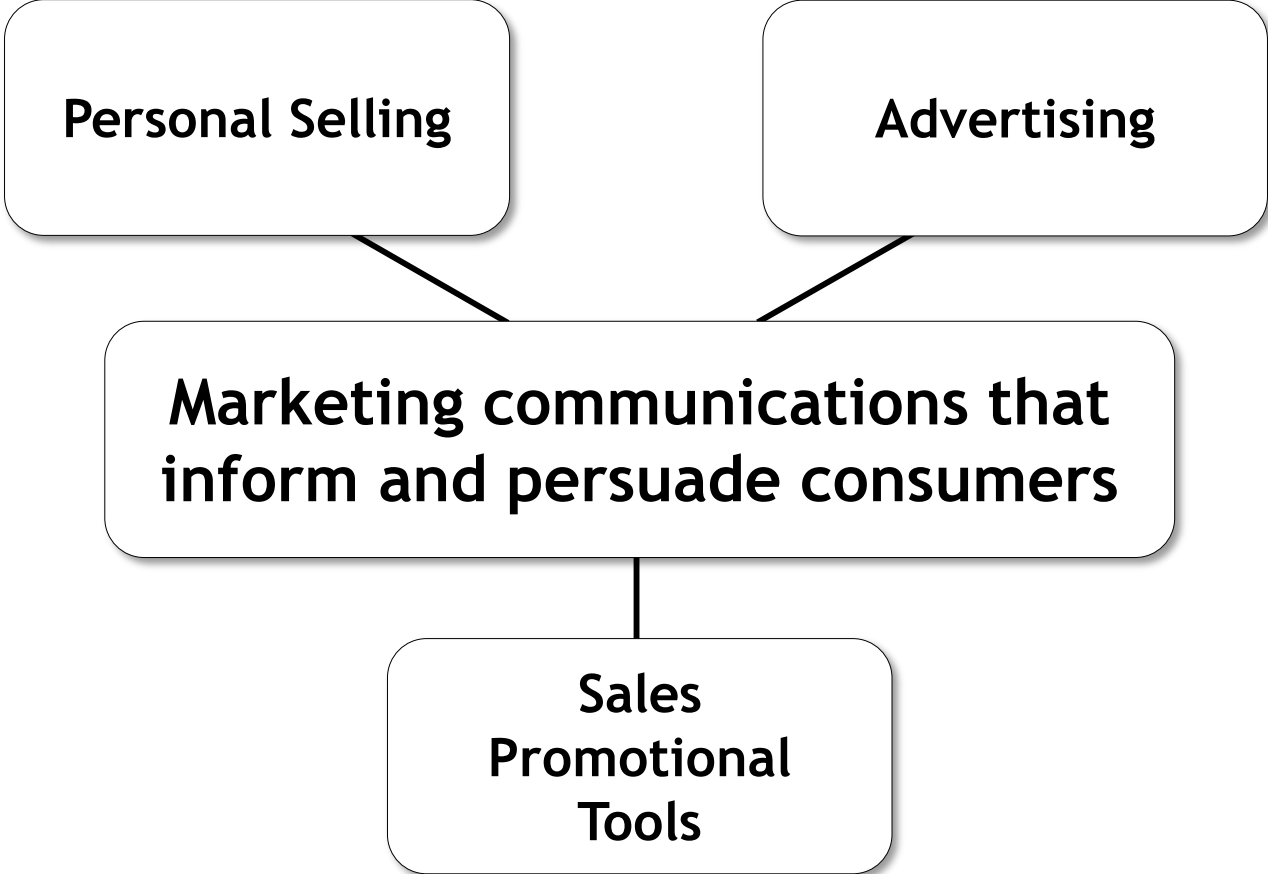
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*After studying this chapter,
you should be able to...*



1. Describe the communication model and the factors determining a promotional mix.
2. Explain methods of determining the appropriate level of promotional expenditures.
3. Explain how the Internet and social media are changing promotional practices.
4. Describe personal selling activities.
5. Identify advertising options for a small business.
6. Discuss the use of sales promotional tools.

The Communication Process in Promotion



Promotion Is Communication

- Promotion
 - Marketing communications that inform and persuade consumers
- Categories of Promotional Communication
 - Internet and social media
 - Personal selling
 - Advertising
 - Sales promotion tools

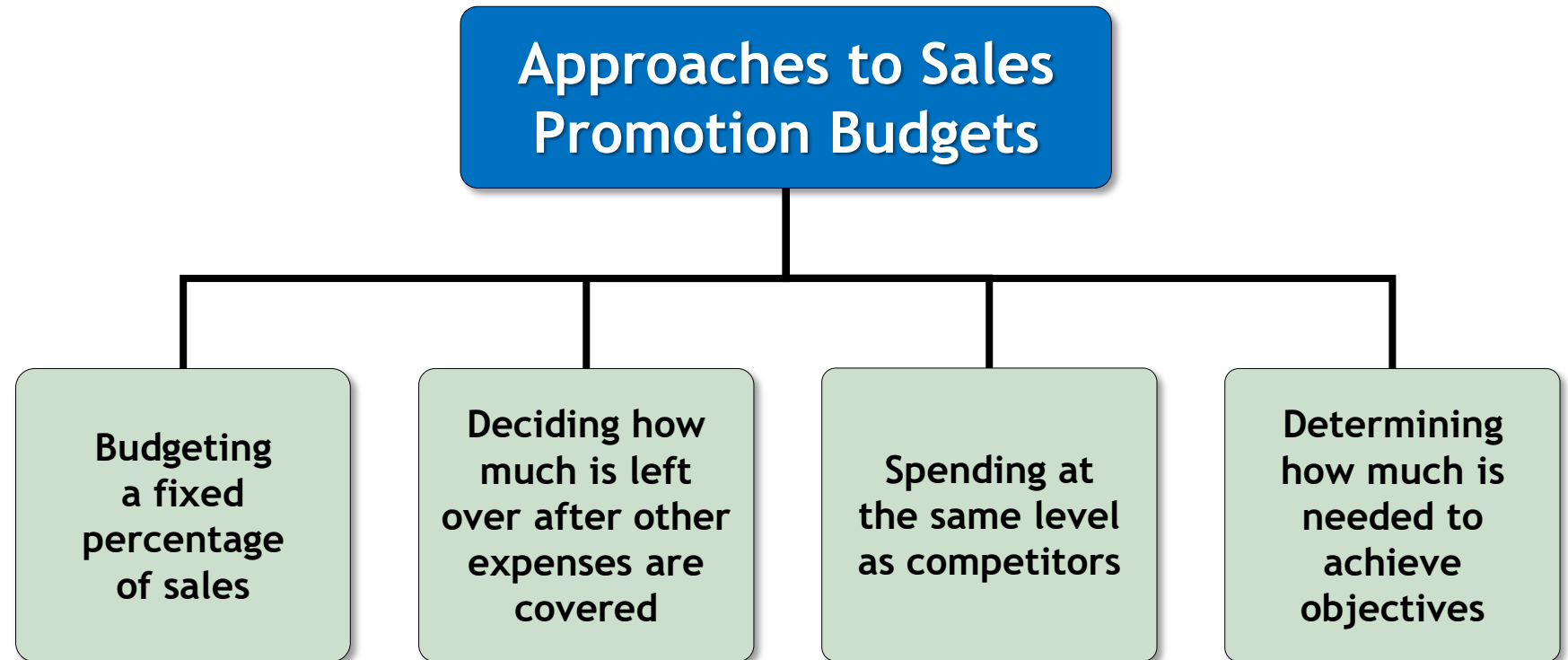
Promotional Communications

- **Communication Process Components**
 - **Source**—the message sender
 - **Channel**—the path the message travels
 - **Receiver**—the recipient of the message
- **Promotional Mix**
 - A blend of nonpersonal, personal, and special forms for communication techniques aimed at a target market.
 - **Makeup of the mix is determined by:**
 - ❖ Geographical nature of target market
 - ❖ Size of promotional budget
 - ❖ Product's characteristics

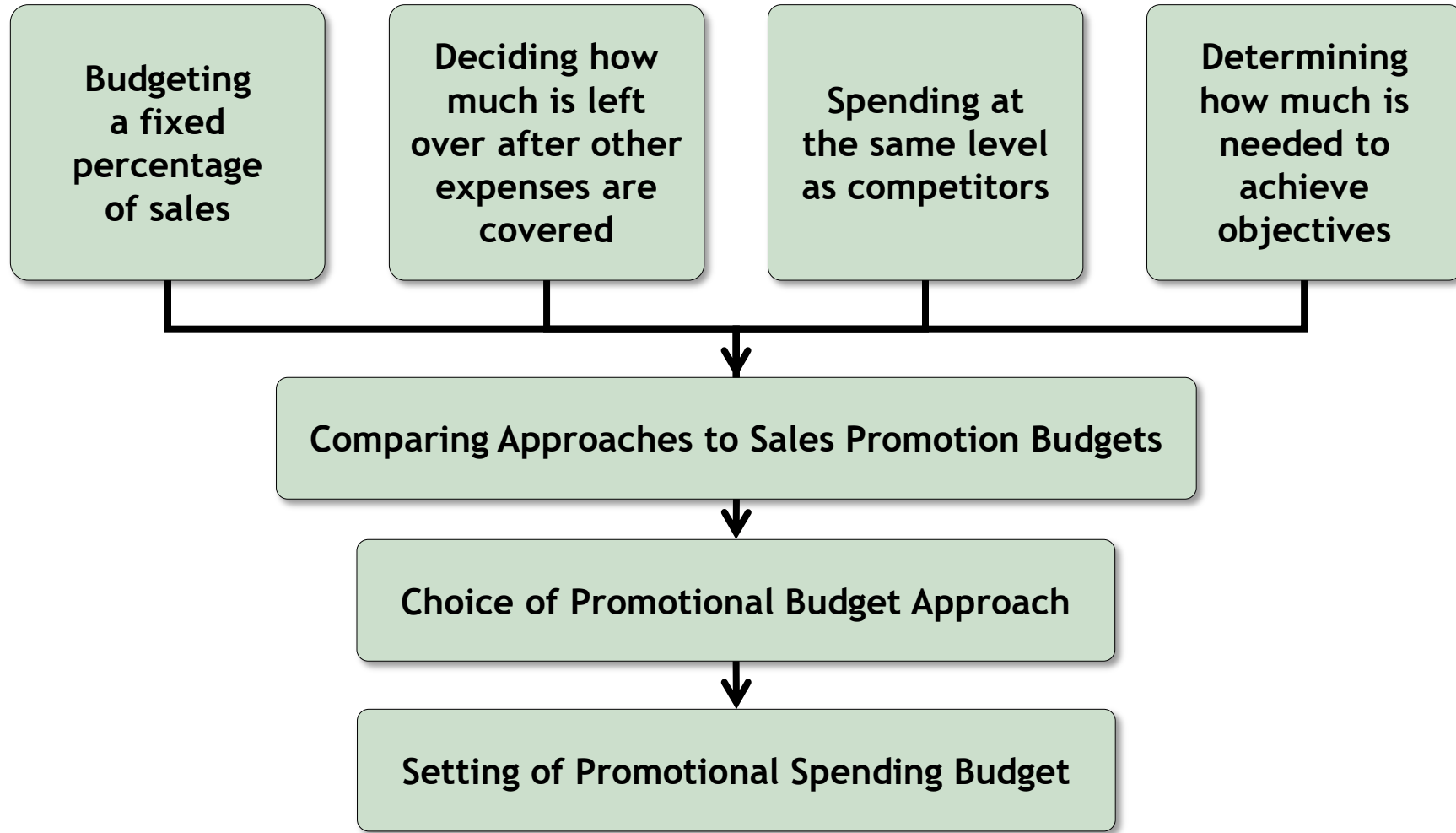
Determining the Promotional Budget

- “How much should a small business spend on promotion?”
 1. Budgeting a fixed percentage of sales
 2. Deciding how much is left over after other expenses are covered
 3. Spending at the same level as competitors
 4. Determining how much is needed to achieve objectives

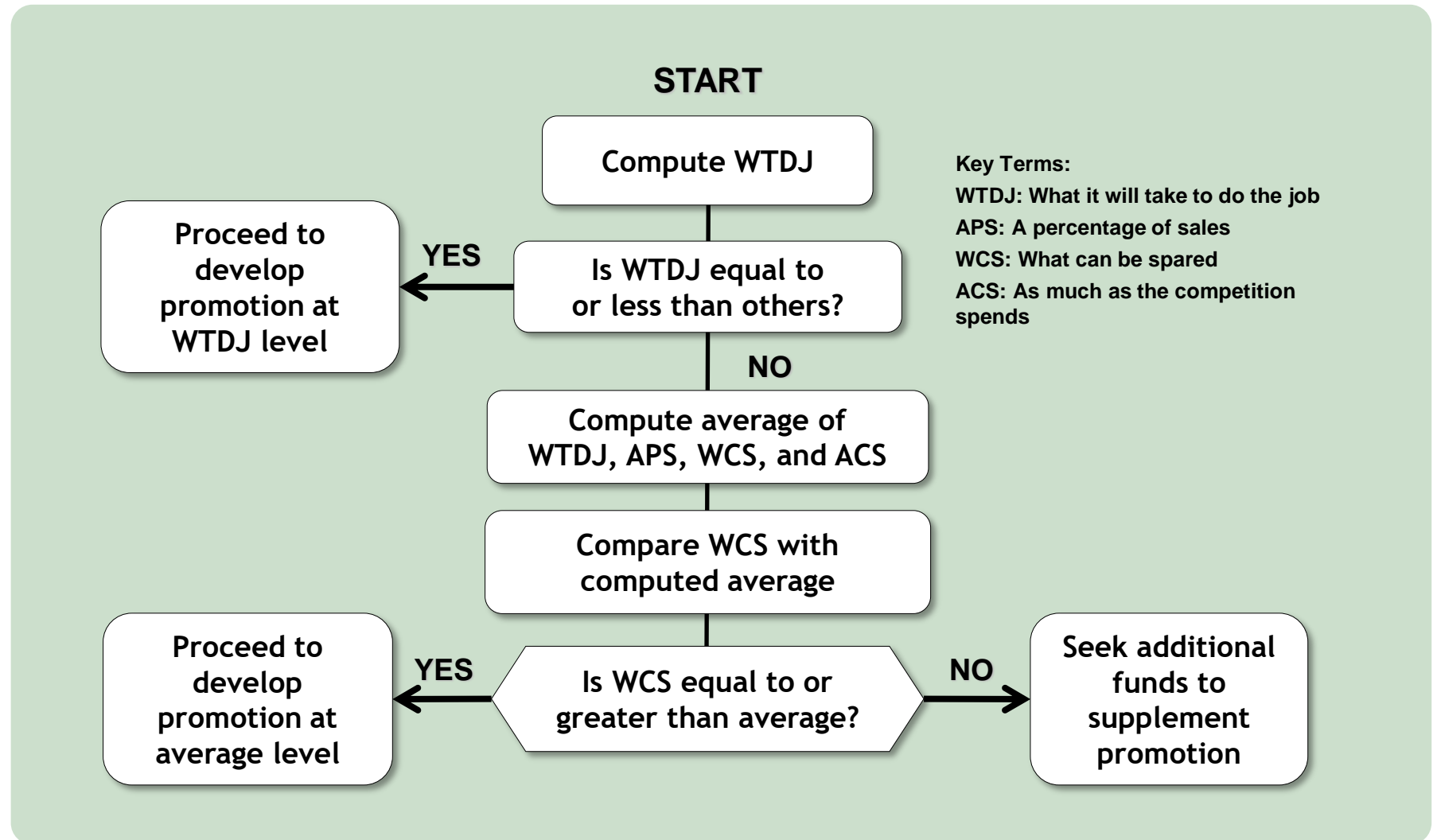
Determining the Promotional Budget



Determining the Promotional Budget



Comparing Alternative Promotion Expense Estimates



Promotion Using the Internet and Social Media

- **Developing a Small Business Web Site**
 - Creating and registering a site name
 - Building a user-friendly Web site
 - Promoting the Web site
 - ❖ Search Engine Optimization (SEO)
- **Reasons for Website Failures**
 - Slow site page downloads
 - Not meeting visitors' information needs
 - Lack of integration with social media networks

Website Essentials

1. A clear description of who you are
2. A simple, sensible Web address
3. An easily navigated site map
4. Easy-to-find contact information
5. Customer testimonials
6. An obvious call to action
7. Know the basics of Search Engine Optimization
8. Fresh, quality content
9. A secure hosting platform
10. A consistent design and style friendly to users

Social Media

- Social Media
 - Social networking and microblogging websites, and other means of online communication, where users share personal messages, information, videos, and other content.
- Social Networking
 - Interacting online with other users who share common interests.
- Microblogging
 - Posting short messages or photos on a blog or social networking site.

Do's and Don'ts of Social Media Marketing

<u>Do's</u>	<u>Don'ts</u>
<ul style="list-style-type: none">• Do tell stories personalizing your brand and company. Post videos of customers using and enjoying your products.• Do build relationships with opinion leaders, including journalists. Show an interest in what others are writing about. Bloggers and reporters often ask questions that you or someone in your company may be able to answer.• Do ask your customers to review the products they buy from you. People trust the endorsements and recommendations of other customers more than those of someone who works for you.• Do keep it quick and short. Even 140 characters can be too long at times.• Do take keywords seriously. Keywords bring people to your site. Emphasize the keywords your customers search for in your URL, in title tags, and in headings.	<ul style="list-style-type: none">• Don't overpromote. Provide more useful than promotional information.• Don't waste your time on the wrong network. Just because everyone seems to be on Facebook doesn't mean that your customer looks there for what you are selling. Make sure you know your target customers and where they get their information.• Don't expect your customers to be perfect. They will make spelling errors typing in keywords. Keep common misspellings associated with your product and business in your search engine list to help people find you.• Don't use hype, slang, or abbreviations. They all look like spam and make your brand look cheap.• Don't over-invest in social media at the expense of building content on your own website.

Online Advertising Terms

- **Hyperlink**

- A word, phrase, or image that a user may click on to go to another part of a document or website or to a new document or website.

- **Blog**

- An online journal that offers a writer's experiences, opinions, etc.

- **Mobile Device**

- A variety of wireless handheld computing devices that allow people to access information from wherever they are.

Tips for Promoting Your Business on Smartphones

- Is your website mobile-friendly
- Can your website be found where mobile device users look?
- Have you started social networking communities?
- Do you chat with your customers and prospects?
- Are customers reviewing your business?
- Are you giving your audience what they want?

Online Advertising Terms

- App
 - A software application for business or entertainment.
- Quick Response (QR) Code
 - A square bar code that connects to a website, a video, or some other web content.
 - QR code for the URL of the English Wikipedia Mobile main page, "<http://en.m.wikipedia.org>"

Web Advertising

- Basic Web Promotions

- Banner ads

- ❖ Advertisements that appear across a Web page, often as moving rectangular strips

- Pop-up ads

- ❖ Advertisements that burst open on computer screens

- Direct e-mail promotion

- ❖ Advertising delivered by means of electronic mail

- Spam: unsolicited e-mail

Web Advertising (cont'd)

- Basic Web Promotions (cont'd)

- Web sponsorships

- ❖ A type of advertising in which the firm pays another organization for the right to be part of that organization's Web page.

- Linkages

- ❖ One firm pays another to include a click-on (click-through) advertising link on its Web site.

Personal Selling in the Small Firm

- Personal Selling

- A face-to-face meeting with a customer
- A sales presentation (promotion) delivered in a one-on-one manner.
- Requires:
 - ❖ Product knowledge
 - ❖ Well-prepared sales presentation
 - ❖ Ability to build good will

Importance of Product Knowledge

- Salespersons use product knowledge to:
 - Successfully educate customers about the product's advantages, uses, and limitations.
 - Answer customer questions and counter customer objections.
- Personal selling becomes order-taking when a salesperson lacks product knowledge.

Personal Selling: Prospecting

- Prospecting
 - A systematic process of continually looking for new customers
- Prospecting Techniques
 - Personal referrals
 - ❖ Salesperson initiates customer contact through referral by another party known to the customer.
 - Impersonal referrals
 - ❖ Information on potential new customers developed from public records and published sources.
 - ❖ Using social media websites to target niche circles of users

Personal Selling: Prospecting (cont'd)

- Prospecting Techniques (cont'd)
 - Marketer-initiated contacts
 - ❖ Market surveys are used to identify prospects
 - Customer-initiated contacts
 - ❖ Potential customers are identified through their contacts with the firm.

Successful Sales Techniques

- **Be honest.** Your prospect has to discover only one misrepresentation to lose all trust and confidence in you. You want customers who will come back to you and tell others how good you are.
- **Know your audience.** Are you talking with the decision maker, or does this person need approval from someone else? How is your product or service used by this customer?
- **Know how much time you have, and get to the point.** Many people recognize that time is their most valuable asset. Be sure to respect that. If you can't make clear in the first sentence or two why you're there, you'll lose your prospect's interest.
- **Prepare an outline, and rehearse.** Be sure to cover all critical issues and logically order your presentation. Then test your ideas on others. Do they understand your message?
- **Be relevant, and engage the customer.** Ask questions to know what is important to your prospective customers and how you can help them. Think of your presentation as a conversation. Be a better listener than a speaker.
- **Believe in what you are selling, and be enthusiastic.** Be able to genuinely convey what makes your product or service better for the customer than anyone else's. But recognize that the world's best salespeople still hear no more than yes. Do not let that burn you out.
- **Use visuals.** Size, technology requirements, safety and other issues might limit your ability to show your product. Nevertheless, visual representations help project customers into a situation where they better understand what the product will do for them.
- **Get reactions from the prospect.** If the prospect does not ask questions, it is a sign that you have not communicated your message successfully. Be ready with questions of your own, questions that will solicit more than yes-or-no answers. You want to know what is preventing you from getting the results that you seek. You want to know how to make the prospect happy.

Practicing the Sales Presentation

- Improves the salesperson's success rate.
- Prepares salesperson for objections:
 - Price, product, timing, source, service, or need.
- Techniques for dealing with objections:
 - Direct denial
 - Indirect denial
 - Empathetic response
 - Compensation method
 - Pass-up method
 - Find true objection
 - Follow up and follow through

Overcoming Customer Objections

I had problems with a similar product before and don't want to go through that again!

Yes, I understand your concerns, but have you considered . . . ?

I'm too busy.

That's why I want to explain how I can save you time by . . .

I like what you have said, but I need to wait.

Let's figure how much you can save by acting now.

Your product sounds just like your competitor's.

There are similarities, but we have . . . at a better price.

I'm not sure I can risk a changeover to your product.

Let me tell you how a competitor decided to buy from me.

Making the Sales Presentation

- Adapting sales approach to customers' needs:
 - Avoid a “canned” sales talk.
 - Speak the customer’s “language”.
 - Answer every objection explicitly and adequately.
 - Be enthusiastic, friendly, and persistent.
 - Be personally supportive of the customer.

Customer Goodwill and Relationship Selling

- Relationship Selling

- Building customer goodwill for future sales to satisfied customers through:

- ❖ Maintaining a good personal appearance.
 - ❖ Having a pleasant personality.
 - ❖ Using professional etiquette in customer contacts.
 - ❖ Understanding the customer's point of view.
 - ❖ Maintaining ethical standards in the relationship.

Cost Control in Personal Selling

- Reducing Selling Costs
 - Efficiently and economically schedule sales calls
 - Push products that contribute to seller's cost economies
 - Emphasize sales of high-margin products
 - Partner with outside sales and marketing representatives

Compensation for Salespeople

- Nonfinancial Rewards

- Personal recognition of employees by the firm
 - ❖ Plaques and “Employee of the Month” awards
 - ❖ Providing “perks” to superior performers.
- Personal satisfaction drawn by salespersons from doing their work well.

Compensating Salespeople

- Financial Rewards
 - Commissions
 - ❖ Compensation paid as percentage of sales productivity.
 - ❖ Strong sales motivator
 - Straight salary
 - ❖ Compensation paid regardless of sales made.
 - Combination of commissions and salary
 - ❖ Balance of two compensation forms is adjusted to provide an increasing proportion of commission as salesperson gains experience.

Advertising Practices for Small Firms

- Advertising
 - The impersonal presentation of a business idea through mass media.
- Advertising Objectives
 - To sell by informing, persuading, and reminding.
 - To serve as a complement to product quality and efficient service.
 - To properly reflect changes in customer needs and preferences.

Types of Advertising

- **Product Advertising**
 - The presentation of a business idea designed to make potential customers aware of a specific product or service and create a desire for it.
- **Institutional Advertising**
 - The presentation of information about a particular firm, designed to enhance the firm's image in order to make its product advertising more credible and effective..

Obtaining Assistance with Advertising

- Advertising Agencies
 - Furnish design, artwork, and copy for ads
 - Evaluate/recommend media with “pulling power”
 - Evaluate the effectiveness of advertising appeals
 - Advise on promotion and merchandise displays
 - Conduct market sampling studies
 - Furnish mailing lists
- Other Sources
 - Suppliers
 - Trade Associations

Advertising Decision Factors

- Frequency of Advertising
 - With regularity for effectiveness and continuity
 - ❖ Introduction of new uses for established products
 - ❖ Introduction of new products and services
- Where to Advertise
 - Appropriate media mix determined by:
 - ❖ Geographical area for target market coverage
 - ❖ Customer type targeted by advertising campaign
 - ❖ Advertising media customarily used by industry
 - ❖ Type of business
 - ❖ Web advertising on the World Wide Web (Internet)

Sales Promotional Tools

- Sales Promotion
 - An inclusive term for any promotional technique other than personal selling or advertising that stimulates the purchase of a particular product or service.
 - ❖ Used in combination with personal selling and advertising.
- Specialties
 - Tangible and enduring functional items of worth distributed personally to recipients that serve as reminders of the firm.
 - ❖ Pens, key chains, magnets, and clothing imprinted with the name, logo, or slogan of the firm.

Sales Promotion Tools (cont'd)

- Trade Show Exhibits
 - Provide hands-on experience with products at less cost than personal selling.
- Making Trade Show Exhibits Effective
 - Check out the trade show's history.
 - Apply for a speaking opportunity.
 - Pick a good location for the booth.
 - Prepare a professional-looking display.
 - Have plenty of literature on hand.
 - Bring the right staff.
 - Have the right giveaways and/or coupons.
 - Follow up!

Sales Promotion Tools (cont'd)

- **Publicity**

- Is a promotional strategy that provides visibility for a business at little or no cost.
- Requires regular contacts with the news media.
- Can be used to promote both a product and a firm's image.
- Is a vital part of public relations for the small business.

Sales Promotion Tools (cont'd)

- When to Use Sales Promotion

- For manufacturers

- ❖ To stimulate channel members—retailers and wholesalers—to market a firm's products.

- For wholesalers

- ❖ To induce retailers to buy inventories earlier than they normally would.

- For retailers

- ❖ To persuade customers to make a purchase.

Key Terms

advertising

app

blog

e-mail promotion

hyperlink

institutional advertising

microblogging

mobile device

personal selling

product advertising

promotion

promotional mix

prospecting

publicity

quick response (QR) code

sales promotion

social media

social networking