



Global Marketing Communications Decisions II: Sales Promotion, Personal Selling, Special Forms of Marketing Communication

Global Marketing

(Global Edition)

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Chapter 14 

Introduction

- In addition to advertising, publicity and PR, the promotion mix includes:
 - Sponsorships
 - Sales promotion
 - Direct marketing
 - Personal selling
 - Internet
 - Infomercials



Sales Promotion

- Sales promotion refers to any paid consumer or trade communication program of limited duration that adds tangible value to a product or brand
 - Price vs. non-price promotions
 - Consumer vs. trade promotions



Sales Promotion

- Provide a tangible incentive to buyers
- Reduce the perceived risk associated with purchasing a product
- Provide accountability for communications activity
- Provide method of collecting additional data for database

Home and Garden shows attract homeowners



Sales Promotion: Global or Local

- In countries with low levels of economic development, low incomes limit the range of promotional tools available
- Market maturity can also be different from country to country
- Local perceptions of a particular promotional tool or program can vary
- Local regulations may rule out use of a particular promotion in certain countries
- Trade structure in the retailing industry can affect the use of sales promotions

Sampling

- Sampling
 - Provides consumer with opportunity to try product at no cost
 - May be distributed in stores, in the mail, through print media, at events, or door-to-door
- Kikkoman soy sauce launched a sampling program in supermarkets in the U.S.; today the U.S. contributes 85% of profit from international operations



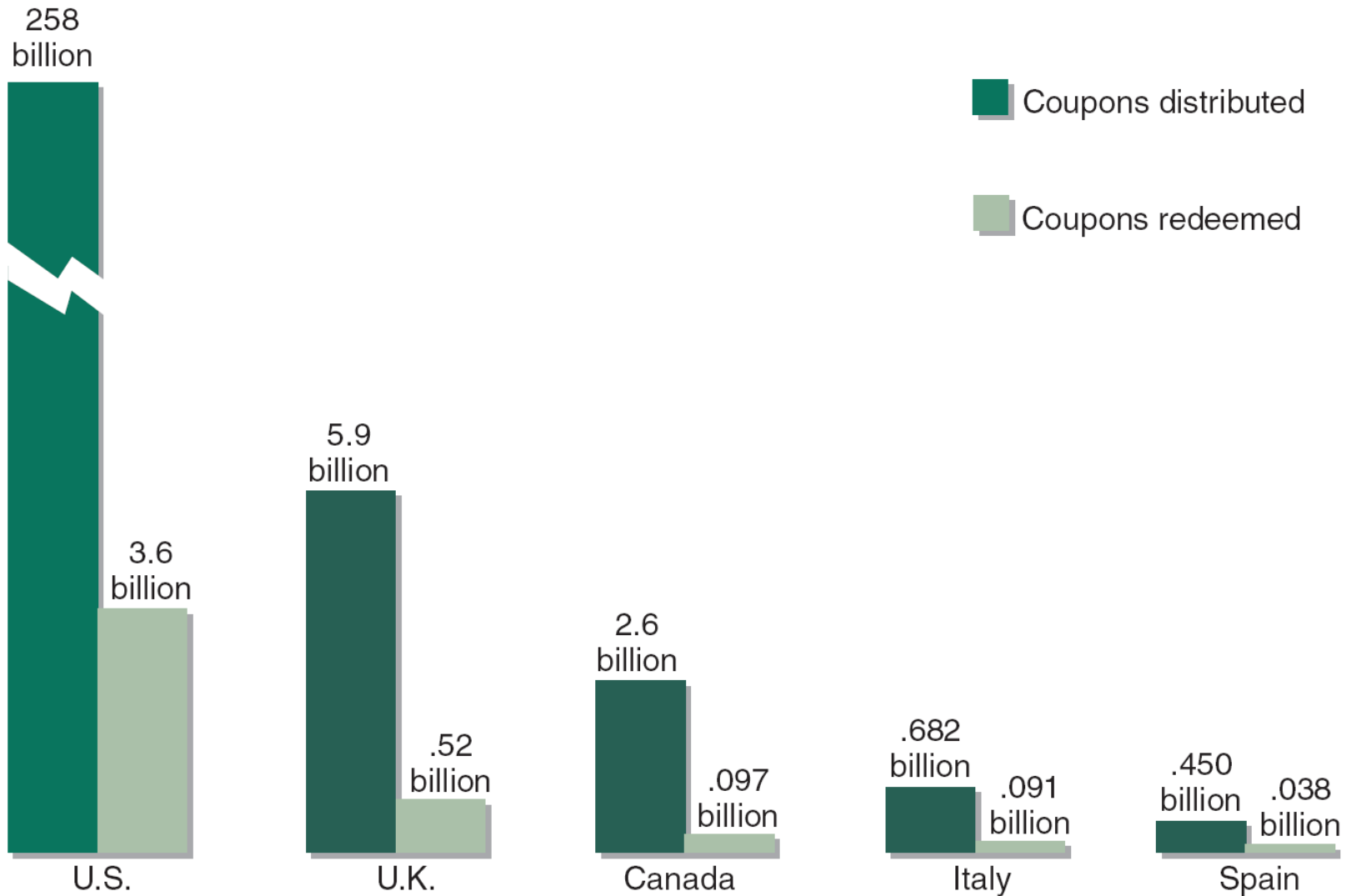
Wine tasting in South Africa

Coupons

- **Coupons**
 - Printed certificates entitle the bearer to a price reduction or some other special consideration for purchasing a particular product
- Coupons accounts for 70% of consumer promotion spending in the U.S.
- Free-standing inserts, in-pack, on-pack, cross coupons



Coupons



Coupons

Country	Coupons by Mail	Home Delivery Coupons	On-Pack Coupons	In-Pack Coupons
England	Legal	Legal	Legal	Legal
France	Legal for discount on same product. No cross coupons.	Legal for discount on same product. No cross coupons.	Legal for discount on same product. No cross coupons.	Legal for discount on same product. No cross coupons.
Germany	Legal for samples only. Price-off coupons not allowed.	Legal for samples only. Price-off coupons not allowed.	Price reduction cannot be made by retailer. Consumers mail coupon with on-pack code directly to manufacturer.	Prohibited in most cases.
Sweden	Legal to persons age 16 and older; illegal to send to persons younger than 16. Restrictions when sending to parents of new baby.	Legal to persons age 16 and older; illegal to send to persons younger than 16. Restrictions when sending to parents of new baby.	Legal	Legal
USA	Legal. Restrictions on alcohol, tobacco, and drugs.	Legal. Restrictions on alcohol, tobacco, and drugs.	Legal; all terms must be disclosed. Minimum 6-month redemption period required.	Legal; all terms must be disclosed. Minimum 6-month redemption period required.

Sales Promotion: Issues and Problems

- Fraud
 - Pepsi promotion with Apple
- Regulations vary by country
- Cultural dispositions to coupons and other sales promotions
 - Malaysians see coupon usage as embarrassing
 - Islam frowns on gambling so sweepstakes may not work



Personal Selling

- Person-to-person communication between a company representative and a prospective buyer
- Focus is to inform and persuade prospect
- Short-term goal: make a sale
- Long-term goal: build a relationship

Personal Selling Hurdles

- Political Risks – unstable or corrupt governments change the rules for the sales team
- Regulatory Hurdles – Governments can set up quotas or tariffs that affect the sales force
- Currency Fluctuations – increase and decrease in local currencies can make certain products unaffordable
- Market Unknowns – lack of knowledge of market conditions, the accepted way of doing business, or positioning of the product may derail the sales team's efforts

The Strategic/Consultative Selling Model

Evolved in response to:

- Increased competition
- More complex products
- More emphasis on customer needs
- Long-term relationships

Place	Promotion
Product	Price

Strategic/Consultative Selling Model

Strategic Step

Develop a Personal Selling Philosophy

Develop a Relationship Strategy

Develop a Product Strategy

Develop a Customer Strategy

Develop a Presentation Strategy

Prescription

- Adopt Marketing Concept
- Value Personal Selling
- Become a Problem Solver/Partner

- Adopt Win-Win Philosophy
- Project Professional Image
- Maintain High Ethical Standards

- Become a Product Expert
- Sell Benefits
- Configure Value-Added Solutions

- Understand Buyer Behavior
- Discover Customer Needs
- Develop Prospect Base

- Prepare Objectives
- Develop Presentation Plan
- Provide Outstanding Service

The Strategic/Consultative Selling Model

- Personal Selling Philosophy – commitment to the marketing concept and a willingness to adopt the role of problem solver/partner
- Relationship Strategy – game plan for establishing and maintaining high-quality relationships with prospects/customers
- Product Strategy – plan that can assist the sales representative in selecting and positioning products to satisfy customer needs

The Strategic/Consultative Selling Model

- Customer Strategy – plan that ensures that the sales professional will be maximally responsive to customer needs
- Presentation Strategy – consists of setting objectives for each sales call and establishing a presentation plan to meet those objectives

The Strategic/Consultative Selling Model



The Presentation Plan

- Approach
- Presentation
- Demonstration
- Negotiation
- Close
- Servicing the sale



Approach

- Initial contact with the customer/prospect
- Must completely understand the decision-making process and the roles of each participant



Presentation



- Prospect's needs are assessed and matched to the company's products
- The style and message of the presentation must be tailored to the audience

Demonstration

- Salesperson has the opportunity to tailor the communication effort to the customer
- Can show how the product can meet the customer's needs



Negotiation



- Ensures that both the customer and the salesperson come away from the presentation winners

Close

- Ask for the sale
- Must be culturally sensitive



Servicing the Sale



- To ensure customer satisfaction
 - Implementation process must be outlined
 - Customer service program established

Sales Force Nationality

- Expatriates
- Host-country nationals
- Third-country nationals
- Other options



Expatriates

- Advantages
 - Superior product knowledge
 - Demonstrated commitment to service standards
 - Train for promotion
 - Greater HQ control
- Disadvantages
 - Higher cost
 - Higher turnover
 - Cost for language and cross-cultural training



Host Country Nationals

- Advantages
 - Economical
 - Superior market knowledge
 - Language skills
 - Superior cultural knowledge
 - Fast implementation
- Disadvantages
 - Needs product training
 - May be held in low esteem
 - Language skills may not be important
 - Difficult to ensure loyalty

Third Country Nationals

- Advantages
 - Cultural sensitivity
 - Language skills
 - Economical
 - Allows regional sales coverage
- Disadvantages
 - May face identification problems
 - May be blocked for promotions
 - Income gaps
 - Needs product and/or company training
 - Loyalty not assured



Other Options

- Sales agents
- Exclusive license arrangements
- Contract manufacturing or production
- Management-only agreements
- Joint ventures

Special Forms of Marketing Communications

- Direct Marketing
 - Direct mail
 - Catalogs
 - Infomercials, teleshopping
- Event Sponsorship
 - Concerts, sporting events
 - Product placement in movies
- Internet Communications



Direct Marketing

- Any communication with a consumer or business recipient that is designed to generate a response in the form of:
 - An order
 - Request for further information
 - A visit to a store or other place of business



Direct Marketing— Going Global

- The world is full of people who are not Americans. Be sure not to treat them like they are.
- Like politics, all marketing is local. Just because your direct mail campaign worked in Texas, do not assume it will work in Toronto.
- Although there may be a European Union, there is no such thing as a "European."
- Pick your target, focus on one country, and do your homework.
- Customers need to be able to return products locally or at least believe there are services available in their country.

Direct Marketing vs. Mass Marketing

Direct Marketing

Marketer adds value (creates place utility) by arranging for delivery of product to customer's door.

Marketer controls the product all the way through to delivery.

Direct response advertising is used to generate an immediate inquiry or order.

Repetition is used within the ad/offer.

Customer perceives higher risk because product is bought unseen. Recourse may be viewed as distant or inconvenient.

Direct Marketing vs. Mass Marketing

Mass Marketing

Product benefits do not typically include delivery to customer's door.

Marketer typically loses control as product is turned over to distribution channel intermediaries.

Advertising is used for cumulative effect over time to build image, awareness, loyalty, and benefit recall. Purchase action is deferred.

Repetition is used over a period of time.

Customer perceives less risk due to direct contact with product.

Recourse is viewed as less distant.

One-to-One Marketing

- Building from Customer Relationship Management
 - Identify customers and accumulate detailed information about them
 - Differentiate customers and rank them in terms of their value to the company
 - Interact with customers and develop more cost efficient and effective forms of interaction
 - Customize the product/service offered to the customer

Catalogs

- A magazine style publication that features photographs and extensive information about a company's products



Infomercials and Teleshopping

- An infomercial is a form of paid TV in which a particular product is demonstrated, explained, and offered for sale to viewers who call a toll-free number on the screen
- Teleshopping on channels like HSN and QVC is exclusively devoted to demonstration and selling

Interactive Television

- ITV allows viewers to interact with the programming content they are viewing
- In the U.K., more than half of pay-TV subscribers use ITV
- Remote controls have buttons to push to order products shown on screen

Expenditures for Outdoor Advertising as a Percentage of Total Ad Spending

Country	Percentage
France	11.7%
United Kingdom	5.8
Spain	5.4
Italy	4.3
Canada	4.2
United States	4.0
Germany	4.0
Worldwide	5.9

Sponsorships

- A company pays a fee to be associated with an event, team, athletic association, or sports facility
- Combines elements of PR and sales promotion
- Draws media attention

Product Placement

- Arranging to have the company's products and brand names appear in TV shows, movies, and other types of entertainment
- Marketers also lend or donate products to celebrities and other public figures