CHAPTER FIVE

PROMOTIONAL STRATEGY IN INTERNATIONAL CONTEXT

INTRODUCTION

Promotion is a technique of communication related to the selling effort in order to express the merits of a product so as to enhance sales. Promotion, also called marketing communication, is defined as the element of marketing mix that assists and/or persuades a prospective customer to buy a product or to act favorably up on and that has commercial significance to the seller. It is a firm's marketing activity used to inform, persuade, or remind people about its products, services, image, ideas, community involvement, or impact on society.

THE PROMOTIONAL MIX ELEMENTS

Promotion encompasses all efforts by an international firm to enhance the desirability of its products and service among potential buyers. The international marketer must choose a proper combination of the various promotional tools - personal selling, sales promotion, public relations and advertising to create images among the intended target audience. The choice will depend on the target audience, firm's objectives, the products or services marketed the resources available for the endeavor, the legal and ethical requirement of promotion, social and cultural consideration, competitor's strategy and the availability of promotion tool in a particular market.

A. Personal selling

According to the American Marketing Association, personal selling is an "oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales." Personal selling refers to the face to face communication of the marketer to the customers through paid personnel. Personal selling, also commonly known as salesmanship, is used at every distribution level. The salesperson's job is to correctly understand the buyer's needs, match those needs to the company's product(s), and then persuade the customer to buy. The personal seller has to have the ability to influence, impress, and convince the target audience to buy the product immediately or at a near future. Effective personal selling in a salesperson's home country requires building a relationship' with the customer; global marketing presents additional challenges because the buyer and seller may come from different national or cultural backgrounds. It is difficult to overstate the importance of a face-to-face, personal selling effort for industrial products in global markets.

The cost of personal selling is high. In spite of the high cost, personal selling should be emphasized when certain conditions are met. Industrial buying or large volume purchases, characterized by a large amount of money being involved, justifies personal attention. Personal selling has also proven to be effective when the market is concentrated or when a salesperson must develop a measure of confidence in the customer for the purchase. The effectiveness of personal selling is also a function of product type. In general, personal selling works well with high-unit value and infrequently purchased products Personal selling has three important qualities:

1. **Personal interaction**: Personal selling creates an immediate and interactive episode between two or more persons. Each is able to observe the other's reactions.
2. **Cultivation**: Personal selling also permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship.
3. **Response**: The buyer is often given personal choices and encouraged to directly respond.

Steps in the personal Selling

The selling process consists of seven steps: prospecting and qualifying, pre-approach, approach, presentation and demonstration, handling objections, closing, and follow-up.

Step 1: Prospecting and Qualifying

This is identifying qualified potential customers. Approaching the right potential customers is crucial to the selling success. The salesperson must often approach many prospects to get only a few sales. Although the company supplies some leads, salespeople need skill in finding their own. The best source is referrals. Salespeople can ask current customers for referrals and cultivate other referral sources, such as suppliers, dealers, noncompeting salespeople, and Web or other social networks. They can also search for prospects in directories or on the Web and track down leads using telephone and e-mail. Or they can drop in unannounced on various offices (a practice known as cold calling).

Salespeople also need to know how to qualify leads that is, how to identify the good ones and screen out the poor ones. Prospects can be qualified by looking at their financial ability, volume of business, special needs, location, and possibilities for growth.

Step 2: Pre-approach

A salesperson learns as much as possible about a prospective customer before making a sales call. Before calling on a prospect, the salesperson should learn as much as possible about the organization (what it needs, who is involved in the buying) and its buyers (their characteristics and buying styles). This step is known as pre-approach. Pre-approach begins with good research. The salesperson can consult standard industry and online sources, acquaintances, and others to learn about the company. Then the salesperson must apply the research to develop a customer strategy.

The salesperson should set call objectives, which may be to qualify the prospect, gather information, or make an immediate sale. Another task is to determine the best approach, which might be a personal visit, a phone call, or a letter or an e-mail. The best timing should be considered carefully because many prospects are busiest at certain times. Finally, the salesperson should give thought to an overall sales strategy for the account.

Step 3: Approach

A salesperson meets the customer for the first time. During the approach step, the salesperson should know how to meet and greet the buyer and get the relationship off to a good start. This step involves the salesperson's appearance, opening lines, and follow-up remarks. The opening lines should be positive to build goodwill from the outset. This opening might be followed by some key questions to learn more about the customer's needs or by showing a display or sample to attract the buyer's attention and curiosity. As in all stages of the selling process, listening to the customer is crucial.

Step 4: Presentation and Demonstration

In this step of the selling process, the salesperson tells the "value story" to the buyer, showing how the company's offer solves the customer's problems. The customer-solution approach fits better with today's relationship marketing focus than does a hard sell or glad-handing approach. Your goal should be to sell your customers exactly what will benefit them most.

Buyers' today want answers, not smiles; results, not razzle-dazzle. Moreover, they don't want just products. More than ever in today's economic climate, buyers want to know how those products will add value to their businesses. They want salespeople who listen to their concerns, understand their needs, and respond with the right products and services.

But before salespeople can present customer solutions, they must develop solutions to present. The solutions approach calls for good listening and problem-solving skills. The qualities that buyers dislike most in salespeople include being pushy, late, deceitful, unprepared, disorganized, or overly talkative. The qualities they value most include good listening, empathy, honesty, dependability, thoroughness, and follow-through. Great salespeople know how to sell, but more importantly they know how to listen and build strong customer relationships. You have two ears and one mouth. Finally, salespeople must also plan their presentation methods. Good interpersonal communication skills count when it comes to making effective sales presentations.

Step 5: Handling Objections

A salesperson seeks out, clarifies, and overcomes any customer objections to buying. Customers almost always have objections during the presentation or when asked to place an order. The problem can be either logical or psychological, and objections are often unspoken. In handling objections, the salesperson should use a positive approach, seek out hidden objections, ask the buyers to clarify any objections, take objections as opportunities to provide more information, and turn the objections into reasons for buying. Every salesperson needs training in the skills of handling objections.

Step 6: Closing

A salesperson asks the customer for an order. After handling the prospect's objections, the salesperson now tries to close the sale. Some salespeople do not get around to closing or handle it well. They may lack confidence, feel guilty about asking for the order, or fail to recognize the right moment to close the sale.

Salespeople should know how to recognize closing signals from the buyer, including physical actions, comments, and questions. For example, the customer might sit forward and nod approvingly or ask about prices and credit terms.

Salespeople can use one of several closing techniques. They can ask for the order, review points of agreement, and offer to help write up the order, ask whether the buyer wants this model or that one, or note that the buyer will lose out if the order is not placed now. The salesperson may offer the buyer special reasons to close, such as a lower price or an extra quantity at no charge.

Step 7: Follow-Up

The last step in the selling process is follow-up. Is necessary if the salesperson wants to ensure customer satisfaction and repeat business. Right after closing, the salesperson should complete any details on delivery time, purchase terms, and other matters. The salesperson then should schedule a follow-up call after the buyer receives the initial order to make sure proper installation, instruction, and servicing occur. This visit would reveal any problems, assure the buyer of the salesperson's interest, and reduce any buyer concerns that might have arisen since the sale.

B. Public relations and publicity

Public relations (PR) are any purposeful communication between an organization and its publics that aim to generate goodwill. Public relations consist of efforts aimed at enhancing a firm's reputation and image with the general public. Publics, put simply are stakeholders. It includes employees, customers, suppliers, Medias, shareholders, government, competitors, and the general public. Public relation is proactive and future oriented, and has the goal of building and maintaining a positive perception of an organization in the mind of its publics.

The consequence of effective public relations is a general belief that the firm is a good corporate citizen, that it is reputable and that it can be trusted. Ineffective public relations can often lead to a public perception that the firm cannot be trusted or that it carries little for the community. A significant part of the public relations activity focuses on portraying corporations as good citizens of their host countries. Public relations activity involves anticipating and countering criticism. The criticism ranges from general ones against all multinational corporations to specific complaints.

Thus, a company's public relations (PR) effort should-foster goodwill and understanding among constituents both inside and outside the company. PR practitioners attempt to generate favorable publicity, which, by definition, non personal stimulation of demand that is not paid for by a sponsor which has released news to the media. PR personnel also play a key role in responding to unflattering media reports or controversies that arise because of company activities in different parts of the globe. In such instances, PR's job is to make sure that the company responds promptly and gets its side of the story told.

The basic tools of PR include:

- ✓ News releases,
- ✓ Newsletters,
- ✓ Press conferences,
- ✓ Tours of plants and ether company facilities,
- ✓ Articles in trade or professional journals,
- ✓ Company publications and brochures,
- ✓ TV and radio talk show appearances by company personnel,
- ✓ Special events,
- ✓ Homepages on Internet
- ✓ Charitable contribution
- ✓ Thank you notes and letters

C. SALES PROMOTION

It is short-term incentives to encourage the purchase or sale of a product or a service. Sales promotion refers to any consumer or trade program of limited duration that adds tangible value to a product or brand. Sales promotion laws and usage vary around the world. The techniques of sales promotion are varied and numerous. The purpose of a sales promotion may be to stimulate customers to sample a product or to increase consumer demand. Trade promotions are designed to increase product availability in distribution channels.

The increasing popularity of sales promotion as a marketing communication tool can be explained in terms of several strengths and advantages. Besides providing a tangible incentive to buyers, sales promotion also reduces the perceived risk buyers may associate with purchasing the product. From the point of view of the company, sales promotion provides accountability; the manager in charge of the promotion can immediately track the results of the promotion. Moreover, some consumer sales promotions, including sweepstakes and rebates, require buyers to fill out a form and mail it to the company. This

allows a company to build up information in its database, which it can use when communicating with customers in the future.

Major Sales Promotion Tools

Many tools can be used to accomplish sales promotion objectives. Descriptions of the main consumer, trade, and business promotion tools follow.

I. Consumer Promotions

Sales promotion tools used to boost short-term customer buying and involvement or enhance long-term customer relationships. Consumer promotions include a wide range of tools—from samples, coupons, refunds, premiums, and point-of-purchase displays to contests, sweepstakes, and event sponsorships.

Samples: are offers of a trial amount of a product. Sampling is the most effective but most expensive way to introduce a new product or create new excitement for an existing one. Some samples are free; for others, the company charges a small amount to offset its cost. Sampling can be a powerful promotional tool.

Coupons: are certificates that give buyers a saving when they purchase specified products. Most consumers love coupons. Coupons can promote early trial of a new brand or stimulate sales of a mature brand. Marketers are also cultivating new outlets for distributing coupons, such as supermarket shelf dispensers, electronic point-of-sale coupon printers, and online and mobile coupon programs. According to a recent study, digital coupons now outpace printed newspaper coupons.

Cash refunds: (or rebates) are like coupons except that the price reduction occurs after the purchase rather than at the retail outlet. The customer sends a "proof of purchase" to the manufacturer, which then refunds part of the purchase price by mail. Competitors were not able to match this offer on such short notice, and the promotion was very successful.

Price packs: (also called cents-off deals) offer consumers savings off the regular price of a product. The producer marks the reduced prices directly on the label or package. Price packs can be single packages sold at a reduced price (such as two for the price of one) or two related products banded together (such as a toothbrush and toothpaste). Price packs are very effective even more so than coupons in stimulating short-term sales.

Premiums:ቦነስ are goods offered either free or at low cost as an incentive to buy a product, ranging from toys included with kids' products to phone cards and DVDs. A

premium may come inside the package (in-pack), outside the package (on-pack), or through the mail.

Advertising specialties, also called promotional products, are useful articles imprinted with an advertiser's name, logo, or message that are given as gifts to consumers. Typical items include T-shirts and other apparel, pens, coffee mugs, calendars, key rings, mouse pads, matches, tote bags, coolers, golf balls, and caps

Point-of-purchase displays (POP) promotions include displays and demonstrations that take place at the point of sale. Chances are good that you were tripping over aisle displays, promotional signs, "shelf talkers," or demonstrators offering free tastes of featured food products. Unfortunately, many retailers do not like to handle the hundreds of displays, signs, and posters they receive from manufacturers each year. Manufacturers have responded by offering better POP materials, offering to set them up, and tying them in with television, print, or online messages.

Prizes (Contests, sweepstakes, and games): Prizes are offers of the chance to win cash, trips, or merchandise as a result of purchasing something. A contest calls for consumers to submit an entry a jingle, guess, suggestion to be judged by a panel that will select the best entries. A sweepstakes calls for consumers to submit their names for a drawing. A game presents consumers with something bingo numbers, missing letters every time they buy, which may or may not help them win a prize. Such promotions can create considerable brand attention and consumer involvement.

II. Trade Promotions

Sales promotion tools used to persuade resellers to carry a brand, give it shelf space, promote it in advertising, and push it to consumers. Manufacturers direct more sales promotion dollars toward retailers and wholesalers than to final consumers. Shelf space is so scarce these days that manufacturers often have to offer price-offs, allowances, buy-back guarantees, or free goods to retailers and wholesalers to get products on the shelf and, once there, to keep them on it.

Manufacturers use several trade promotion tools. Many of the tools used for consumer promotions contests, premiums, displays can also be used as trade promotions. Or the manufacturer may offer a straight discount off the list price on each case purchased during a stated period of time (also called a price-off, off-invoice, or off-list). Manufacturers also may offer an allowance (usually so much off per case) in return for the retailer's agreement to feature the manufacturer's products in some way. An advertising allowance compensates retailers for advertising the product. A display allowance compensates them for using special displays.

III. Business Promotions

Companies spend billions of dollars each year on promotion to industrial customers. Business promotions are used to generate business leads, stimulate purchases, reward customers, and motivate salespeople. Business promotions include many of the same tools used for consumer or trade promotions. Here, we focus on two additional major business promotion tools: **conventions** and **trade shows and sales contests**.

Many companies and trade associations organize conventions and trade shows to promote their products. Firms selling to the industry show their products at the trade show. Vendors receive many benefits, such as opportunities to find new sales leads, contact customers, introduce new products, meet new customers, sell more to present customers, and educate customers with publications and audiovisual materials. Trade shows also help companies reach many prospects not reached through their sales forces.

A sales contest is a contest for salespeople or dealers to motivate them to increase their sales performance over a given period. Sales contests motivate and recognize good company performers, who may receive trips, cash prizes, or other gifts. Some companies award points for performance, which the receiver can turn in for any of a variety of prizes. Sales contests work best when they are tied to measurable and achievable sales objectives (such as finding new accounts, reviving old accounts, or increasing account profitability).

IV. Sponsorship Promotion

Sponsorship can be used to increase awareness and esteem, to build the brand identification, to-enhance the brand's positioning and sales, and to circumvent advertising restrictions in some countries. Examples of global sponsorship are the Olympics, the World Cup in Soccer, The English premier League, The Spanish la Liga, The Italian serie A, The African Cup of Nation and the Tour de France etc.

D. Advertising

Advertising is any paid form of non-personal, oral and / or visual openly sponsor-identified message concerning goods, services or ideas. The distinguishing features of advertising are that the firm pays for its message, a set format is delivered to the entire audience through mass media, the name of the sponsor is clearly presented, and the company controls the message. The definition implies that advertising is a process – it is a series of activities necessary to prepare the message and get it to the intended market. The message disseminated is called advertisement.

Generally, as a firm develops its advertising strategy at international level, it must at least consider three factors:

- ✓ The message it wants to convey,
- ✓ The media available for conveying the message

- ✓ The extent to which the firm wants to globalize its advertising effort (whether to follow standardization or adaptation).

  At the same time, the international marketer must take into account relevant cultural, linguistic, and legal constraints found in various national markets.

Types of Advertising

Advertizing can be categorized based on the following bases.

i. Based on Audience

The audience may be either of consumers or of producers. Businessmen are included among the producers. The advertising aimed at consumers tells them about the advantages of the products from the consumers' point of view. Such advertising is known as consumer advertising. It has all attributes which are required to influence a consumer. The advertising for producers and businessmen is known as business advertising, while that for the whole mass of people without distinction of class is known as mass advertising.

ii. Media

Advertising media are also the basis of classification of advertising. Television advertising, newspaper advertising, radio advertising, magazine advertising, etc. are advertising on the basis of media.

iii. Function

Advertising can also be classified on the basis of its functions in three classes: product and institutional

Product and Institutional advertising

Depending on the company objective, advertising may be classified as product or institutional advertising.

Product advertising

Product advertising tries to sell a product by informing or stimulation the market about prospects or services of a company. Product advertising is further subdivided into three major category; pioneering, competitive, and reminder advertising

Informative መግለጫ በመስጠት advertising: tries to build primary demand-demand for a product category-rather than a specific brand. It will Communicating customer value, Telling the market about a new product, Explaining how a product work, Suggesting new uses for a product It is often dome in the early stages of a product life cycle to inform potential customers about a new product.

Persuading advertising: tries to develop selective demand-demand for a specific brand-rather than a product category. It is often used beyond the introductory stage of the product life cycle so as to hold its own demand against competitors.

Reminder advertising: tries to keep the product's name before the public. It may be useful when the product has achieved brand preference-insistence-perhaps in the market maturity and sales decline stages. The advertiser just mentions or shows the name as a reminder.

Institutional advertising

Institutional advertising, on the other hand, tries to develop goodwill for a company or even an industry. The objective of institutional advertising is to improve the advertiser's image, sales, and relations with the various groups the company deals with. It is designed to create a desired attitude toward the seller and build goodwill rather than to sell a specific product or service. It focuses on the name and prestige of a company or industry. Institutional advertising may be subdivided into three parts, i.e., Patronage, which presents information about the advertiser's business; Public relations, which present information about the company's role in the community; and Public service that shows the advertiser as a "good citizen".

Advertising standardization versus local adaptation

When going international, firms must consider different degrees of two types of advertising strategies, i.e., standardization and adaptation.

Advertising standardization

International advertising standardization refers to utilizing the same or similar advertising messages across different countries or areas.

Standardization of international advertising strategy is defined as utilizing the same, or common, advertising messages on an international basis, since the worldwide marketplace has become increasingly homogeneous, to the extent that international firms can market standardized products/services all over the world through identical advertising strategies, principally due to such influences as TV, movies, and the Internet. The rationale behind this position is that consumers in different countries or areas share the same, or very similar, wants and needs; therefore, they can be persuaded by universal advertising appeals. Such an international advertising strategy can result in substantial media and production cost savings, because the multinational company needs only to develop a common advertising campaign across world markets.

Advertising adaptation

International advertising adaptation is defined as using different advertising messages in separate markets. Adaptation of an international advertising strategy holds that advertisers must particularly make note of the differences among countries (e.g., culture, taste, media, and discretionary income). These differences make it necessary to develop specific advertising programs to achieve impact in the local markets.

Adaptation of an international advertising strategy suggests that each market must be considered, for the most part, as a distinctly separate unit and adaptations must be made accordingly due to differences in culture, economic status, legal conditions, and foreign market media.

Exhibitions and trade shows

Trade shows and exhibitions are other promotion vehicles that are increasingly important in the promotional mix, especially for industrial products and in the international marketplace. Trade shows are large trade events organized often by an industry's trade association on an annual basis. Most trade shows aim to facilitate direct contact between the manufacturers and distribution channel members (wholesalers, retailers, value added resellers) but some are aimed at the end user.

International trade shows offer businesses the opportunity to identify and recruit importers/exporters and agents and to make contact with trade bureaus of foreign governments. They also offer an inexpensive and efficient way to meet -potential customers from other countries. Trade shows differ from country to country. For example, in the United States printed material and promotion giveaways are much more common than in many other countries.