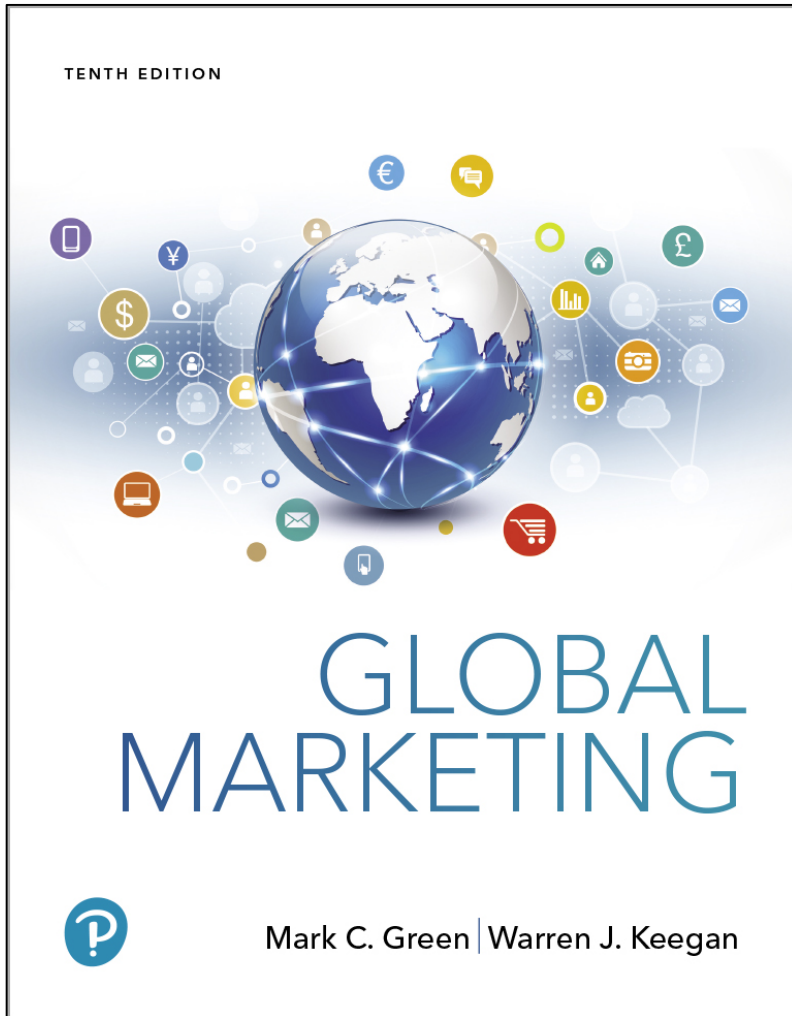


# Global Marketing

Tenth Edition



## Chapter 14

### Global Marketing Communication Decision II

# Learning Objectives

**14.1** Define **sales promotion** and identify the most important promotion tactics and tools used by global marketers.

**14.2** List the steps in the strategic/consultative personal selling model.

**14.3** Explain the contingency factors that must be considered when making decisions about sales force nationality.

**14.4** Explain direct marketing's advantages and identify the most common types of direct marketing channels.

**14.5** Describe how global marketers integrate support media, sponsorships, and product placement into the overall promotion mix.

# Sales Promotion (1 of 3)

- 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



Axe Apollo featured astronaut Buzz Aldrin in promoting a free trip to space for 22 lucky winners.

# Sales Promotion (2 of 3)

- 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

# Company Headquarters Involvement in Sales Promotion

- Factors that contribute to more involvement of the company headquarters in sales promotion:
  - **Cost.** Larger budgets drive more involvement.
  - **Complexity.** The formulation, implementation, and follow-up may require more skills that local managers lack.
  - **Global Branding.** Maintaining consistency across markets and leveraging successful local programs across other markets justifies more involvement.
  - **Transnational Trade.** M&As lead to increased competition in the retail industry and as the industry globalizes, retailers will seek coordinated promotional programs from suppliers.

# 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
- Consumers can request samples from web site
- May include a free week of premium TV channels or internet service
- Kikkoman soy sauce launched a sampling program in supermarkets in the U.S.; today the U.S. contributes 70% of profit from international operations
- Point-of-Use sampling:

# Coupons (1 of 2)

- A **coupon** is a printed certificate that entitles the bearer to a price reduction or some other special consideration for purchasing a particular product or service.
- 90% are distributed as **free-standing inserts** primarily in Sunday newspapers.
- **On-pack coupons** are on the package and can be redeemed at checkout.
- **In-pack coupons** are inside a package for later use.



# Coupons (2 of 2)

- **Cross coupons** are distributed with one product but redeemable for another. (Toothpaste & toothbrush)
- 70% of consumer promotion spending in the U.S.
- Much less or nonexistent in other countries; Some Asians are reluctant to use coupons as they may bring shame on them.
- 300 billion coupons distributed but only 1% redeemed

# Social Couponing

- Hot online trend
- Groupon is industry leader
  - Deals are made with local retailers with Groupon taking a percentage of proceeds
  - Grown from 1 country to 35 mainly through acquisition
  - 50 million users dozens of countries by 2016
  - Over 50% of users are in Europe, 33% in U.S.
  - Founders rejected Google's \$6 billion takeover offer

# Sales Promotion (3 of 3)

# Sales Promotion: Issues and Problems

- Fraud
  - Pepsi promotion with Apple
- Regulations vary by country; Highly regulated in Europe; Popular in Scandinavia where broadcast ads are highly regulated; May be seen as exploiting regulatory loopholes in developing countries
- 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
- Especially important in industrial products that are expensive and complex
- Important in countries that restrict advertising

# Personal Selling Hurdles

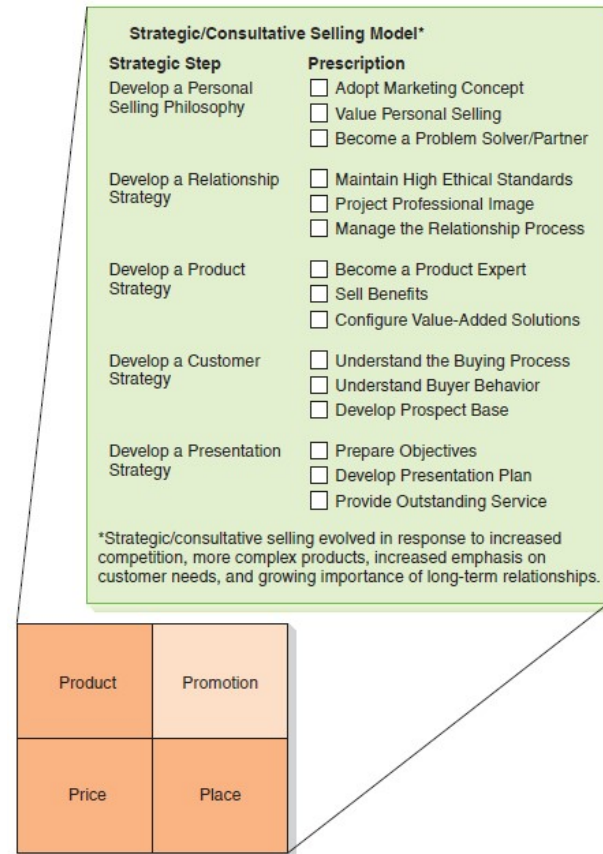
- **Political Risks** - unstable or corrupt governments change the rules for the sales team
- **Regulatory Hurdles** - Governments can set up quotas or tariffs that affect the sales force
- **Currency Fluctuations** - increase and decrease in local currencies can make certain products unaffordable
- **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 (1 of 4)

Evolved in response to:

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

**Figure 14-1** The Strategic/Consultative Selling Model



# The Strategic/Consultative Selling Model (2 of 4)

- **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 (3 of 4)

- **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 (4 of 4)



# The Presentation Plan

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

# Approach & Presentation

## 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 & Negotiation

## Presentation

- 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 & Servicing the Sale

## 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

# 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

# Direct Marketing vs Mass Marketing

**Table 14-2** Comparison of Direct Marketing and Mass Marketing.

<b>Direct Marketing</b>	<b>Mass Marketing</b>
The marketer adds value (creates place utility) by arranging for delivery of the product to the customer's door.	The product benefits do not typically include delivery to the customer's door.
The marketer controls the product all the way through to delivery.	The marketer typically loses control as the product is turned over to distribution channel intermediaries.
Direct-response advertising is used to generate an immediate inquiry or order.	Advertising is used for its cumulative effect over time to build image, awareness, loyalty, and benefit recall. Purchase action is deferred.
Repetition is used within the ad/offer.	Repetition is used over a period of time.
The customer perceives higher risk because the product is bought unseen. Recourse may be viewed as distant or inconvenient.	The customer perceives less risk due to direct contact with the product. Recourse is viewed as less distant.

# Advice for U.S. Direct Marketers 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 Mail

- A vehicle for delivering a personally addressed offer to a prospect targeted by a marketer
- Popular with banks, insurance co., other financial service providers
- Responses allow the company to build a database
- U.S. direct mail lists are easy to rent; Europe and Japan lists are lower in quality
- Germans spend the most, \$500 per capita, in mail-order shopping

# Catalogs

- Catalog: magazine-style publication that features photographs, illustrations, and extensive information about a company's products
- U.S.: 1/3 of world market, peaked in 2007 with 20 billion mailed; dropped in 2015 to 12 million due to online shopping
- EU: Elimination of barriers led to growth in cross-border shopping due to no VAT tax
- Hong Kong and Singapore have efficient postal systems and highly educated consumers with credit cards
- China, South Korea, and Taiwan are attractive markets

# Executives' View of Catalogs

“Years ago, it (the catalog) was a selling tool. Now it’s become an inspiration source. We know our customers love a tactile experience.”

Felix Carbullido, CMO Williams-Sonoma

“In 2020 we will still have catalogs, but they will only be more of a source of information. The catalog as something to order from where we show everything we have on paper will be extinct by 2020. Catalogs can’t stay valid for 6 months like they used to.”

Theo Bendler, VP Otto Group, German Retailer

# 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.
- In Asia, infomercials make \$100s of millions in sales. Consumers have up to a 40% savings rate since housing and health care are provided by the state. Low penetration rates of private phones, credit cards, & delivery issues create difficulties.
- 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

# Sponsorships

- A company pays a fee to be associated with an event, team or athletic association, or sports facility.
- Combines elements of PR and sales promotion
- Ensures the company name will be mentioned on air by on-air or public address announcers and later on news reports or talk shows
- Events draw large crowds so perfect for sampling and other sales promotion

# 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
- Issue for Marketers: Once seen in a movie, products cannot be easily adapted to meet local market needs



Drake's jacket by Moncler in the video Hotline Bling provided a boost to company sales.

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