

Chapter Fifteen

IMC: Direct Marketing,
Personal Selling,
Packaging, and Sales
Promotion



Learning Objectives

- 15-1** Explain the importance of relationship marketing and IMC.
- 15-2** Discuss the benefits and challenges of direct marketing.
- 15-3** Explain the various types of direct marketing activities.
- 15-4** Describe the advantages and drawbacks of personal selling.
- 15-5** Identify the elements that must be considered in establishing a trade show program.
- 15-6** Explain the factors that must be considered in designing packaging.
- 15-7** Describe the roles that sales promotion can play in a marketing strategy.

The Importance of Relationship Marketing and IMC

Integration of Marketing

- Companies need to integrate their marketing communications activities with all their other functions to send consistent messages about the company to the marketplace.
- Integrated marketing communications: building and reinforcing relationships by developing and coordinating a strategic communications program.

Advertising can create an image, but a reputation is earned.

Understanding Direct Marketing ¹

Direct Marketing

Interactive form of strategic communication that is transmitted via a medium or media directly to the target market and is used to create or maintain a relationship with those who respond to the message.

Advantages over mass advertising including:

- Data.
- Accountability.
- Efficiency.
- Higher return on investment.

Understanding Direct Marketing ²

Key Characteristics of Direct Marketing

Interactive.

Interaction can take place at any location.

Addressability.

- **Database marketing:** tracking and analyzing the purchasing patterns of specific customers in a computer **database** and targeting advertising to their needs.

Possibility of ongoing mutually beneficial relationships.

Understanding Direct Marketing ³

Key Characteristics of Direct Marketing ^{continued}

Uses one or more advertising media.

Intended to inform, create awareness, and spur immediate purchase behavior.

Distinguished from mass advertising in measurability, accountability, efficiency, and return on investment.

- **Direct-response advertising** asks the reader, listener, or viewer to provide feedback straight to the sender.

Generating a Response



Direct marketing is an interactive system in which buyers and sellers participate in a dialogue. Its intent is to stimulate a response in the form of a request for information, an actual purchase, or a visit. This poster by Britain's National Society for the Prevention of Cruelty to Children (NSPCC) prompted calls from abused teenagers to jump 124 percent in just six weeks. The number of website visitors also increased, from 4,000 to more than 32,000.

The Role of Direct Marketing in IMC ¹

Role of Direct Marketing

- Companies use skills developed by direct marketers to establish, nourish, and maintain relationships, not just with customers, but with all stakeholders.

The Evolution of Direct Marketing

Direct marketing is the oldest marketing method but has grown recently as demands on consumers' time increase and technological changes make remote shopping easier.

- Companies spent an estimated \$116 billion on direct marketing in the United States in 2020, down from \$160 billion in 2016.
- Direct marketing remains popular in other parts of the world.

The Role of Direct Marketing in IMC ₂

The Impact of Data on Direct Marketing

Databases are now used to compile and analyze important customer information. Uses include:

- **Customer lifetime value (CLTV):** total sales or profit value of a customer to a marketer over the course of that customer's lifetime.
- **Loyalty (continuity) programs:** reward customers with discounts and free products in return for frequent and continuous patronage.

Useful data are the key to direct marketing success, especially in an IMC program.

The Role of Direct Marketing in IMC ³

The Importance of Direct Marketing to IMC

Direct marketing is best way to develop a good database.

- Allows marketers to build relationships by learning about customers.
- Helps choose the prospects they can serve most effectively and profitably.

Helps companies send discrete messages to individual customers and prospects.

The Role of Direct Marketing in IMC ⁴

The Importance of Direct Marketing to IMC

Direct marketing offers:

- Accountability by providing a tangible response.
- Convenience to time-sensitive consumers.
- Precision and flexibility to cost-sensitive marketers.

Has favorable economics.

Direct-response media can be more private.



The Role of Direct Marketing in IMC ⁵

Drawbacks to Direct Marketing

- Bad reputation of being sales oriented.
- Must stand alone without content support or prestige from media.
- Clutter.
- Consumer privacy concerns.

Types of Direct Marketing Activities ¹

Direct Sales

Selling to customers directly, at home or at work.

Direct selling: face-to-face selling away from a fixed retail location.

Telemarketing: selling products and services by using the telephone to contact prospective customers.

- Information gathered also used to update customer database.
- One of the largest non-digital spending categories.
- National Do Not Call Registry is intended to give U.S. consumers an opportunity to limit the telemarketing calls they receive.

Telemarketing



Each year telemarketing generates an estimated \$538 billion in sales in the United States. It is cited as the direct marketing medium of choice, providing elements of direct personal sales yet at a substantially lower cost.

Telemarketing also integrates easily into database management campaigns for gathering new data and for utilizing the collected data.

Types of Direct Marketing Activities ²

Direct-Response Advertising

Asks the reader, listener, or viewer to provide feedback straight to the sender.

- Direct mail.
- **Catalogs.**
- Direct-response print advertising.
- Direct-response broadcast advertising.
- Direct-response digital interactive media.

Direct-Response Broadcast Advertising

Television is a powerful instrument for direct marketers like Home Shopping Network (www.hsn.com) because of its mass coverage and the ability to display and demonstrate the product with sound and full color right before the customers' eyes. Bobbi Ray Carter, shown here, has been one of HSN's most popular hosts for more than 30 years.



Personal Selling: The Human Medium ¹

Personal Selling

- Interpersonal communication process by which a seller ascertains and satisfies the needs of a buyer.

Types of Personal Selling

- Selling to other businesses.
- Selling to retailers.
- Selling to consumers.

Personal Selling



This pharmaceutical sales representative is engaging in missionary selling when she presents the benefits of her products to a doctor. The representative understands that the doctor will not place an order, but she is attempting to get the doctor to prescribe the pharmaceutical for her patients so the sales representative's company will get an order from the patient's drugstore.

Personal Selling: The Human Medium ²

Advantages of Personal Selling

- Personal and persuasive.
- Facilitates instant feedback.
- Flexibility to adjust the presentation.
- Flexibility in time.
- Helps in distribution of new products.
- Good for high-priced items.

Drawbacks of Personal Selling

- Labor-intensive and costly.
- Time-consuming.
- Poor reputation/perception.
- Requires highly-trained salespeople with the right personality attributes.

Personal Selling: The Human Medium ³

The Role of Personal Selling in IMC

Gathering information:

- Prospecting.
- Determining customer wants, needs, and abilities.
- Monitoring competition.

Providing information:

- Delivering information about the company and its products.
- Recommending solutions to problems.
- Using information to communicate value and build relationships and trust.

Personal Selling: The Human Medium ⁴

The Role of Personal Selling in IMC

Fulfilling orders:

- Motivating customer to action.
- Closing the sale.
- Following up to make sure goods and services are delivered correctly.

Building relationships:

- Keeping commitments.
- Servicing accounts.
- Solving problems.

Trade Shows ¹

Trade Shows

Exhibitions where manufacturers, dealers, and buyers get together for product demonstrations and discussions.

- **Booths:** major factor in sales promotion plans; must be simple, attractive, and have good lighting and large visuals.
- **Exhibits:** displays that tell about an organization or its products.

More than 14,000 industrial, scientific, and medical shows are held in the United States each year, and many companies exhibit at more than one show.

When establishing an exhibit booth program, managers must consider planning, budgeting, promotion, people, and productivity.

Exhibit 15-1 Top 10 U.S. Trade Shows Based on Floor Space (2018)

Event	Industry	Floor Space (Million Sq Ft)
ConExpo-CON/AGG	Construction	2.67
Consumer Electronics Show	Consumer electronics	2.62
Atlanta International Gifts & Home Furnishings Market in July	Gifts and home furnishing	1.33
Atlanta International Gifts & Home Furnishings Market in January	Gifts and home furnishings	1.26
International Construction and Utility Equipment Exposition	Construction	1.24
Specialty Equipment Market Association	Automotive specialty products	1.21
Florida RV Supershow	RV and automotive	1.10
America's Largest RV Show	RV and automotive	1.06
Business Aviation Convention & Exhibition	Business aircraft	1.06
NAB Show	TV and radio broadcasters	1.02

Trade Shows ₂

Planning

- Budget.
- Image of the company or brand.
- Frequency of the shows.
- Flexibility of the booth configuration.



Trade shows are an important component in the marketing mix. They provide a unique opportunity for advertisers to meet with a large number of prospects. More than half of trade-show visitors make buying plans as a result of visiting a show. The Consumer Electronics Association puts on one of the largest shows in the world. How does the fast-changing world of electronics lend itself to using trade shows as a way of showcasing new products?

Trade Shows ₃

Planning continued

- Size and location of the space.
- Desired image or impression of the exhibit.
- Complexities of shipping, installing, and dismantling.
- Number of products to be displayed.
- Need for storage and distribution of literature.
- Use of preshow advertising and promotion.
- Cost of all the factors.

Trade Shows ⁴

Budgeting

Trade shows are expensive, and costs have increased substantially in the last decade.

Costs include:

- Staffers' travel, living, and salary expenses.
- Preshow promotion.
- Booth costs.

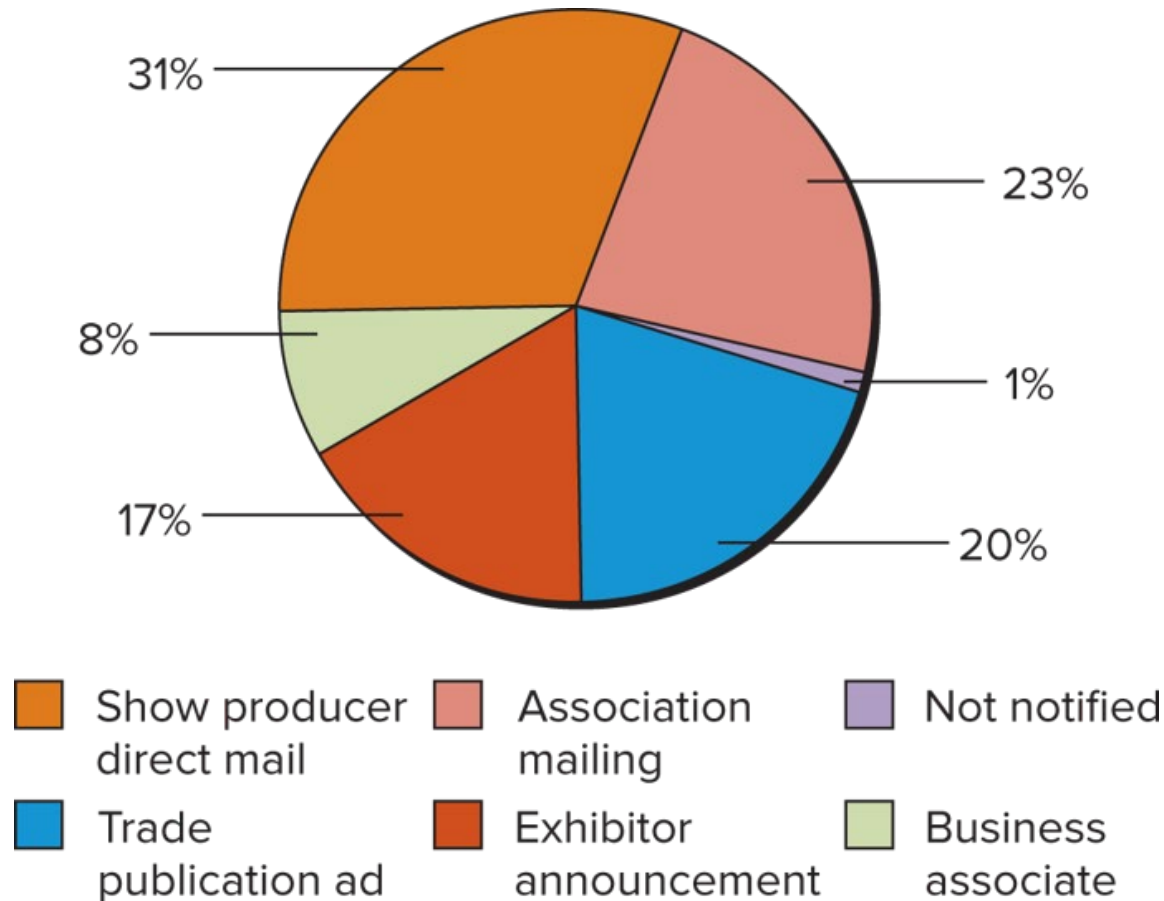
Trade Shows ⁵

Promotion

Marketers build traffic by:

- Sending out personal invitations.
- Conducting direct-mail campaigns.
- Placing ads in trade publications.
- Issuing news releases.
- Performing telemarketing.

Exhibit 15-2 How Do Customers Learn About Trade Shows?



[Access the text alternative for slide images.](#)

Trade Shows ⁶

People

People staffing the booth should be:

- Articulate.
- People-oriented.
- Enthusiastic.
- Knowledgeable about the product.
- Empathetic listeners.

Productivity

- The contact information of prospects identified at a trade show should be collected and organized into a lead list.
- Follow-up contacts are key to extracting maximum value.

Product Packaging ¹

Packaging

The container for a product, encompassing the physical appearance of the container including its design, color, shape, labeling, and materials used.

Serves marketers through:

- Protection.
- Preservation.
- Information.
- Promotion.

Product Packaging ²

Packaging Functions

- Creates relationship with customers.
- Influences in-store shopping decisions.
- Sets the product apart from competitors.
- Informs customers of features and benefits.

Design Factors

- Stand-out appeal.
- How it communicates verbally and nonverbally.
- Image and prestige desired.

Product Packaging ³

Environmental Issues in Packaging

- Many consumers expect green packaging.
- Recyclable tin-coated steel and aluminum packages have gained popularity.

Government Impact on Packaging

- Food and Drug Administration (FDA).
- Nutrition Labeling and Education Act.

Product Packaging ⁴

Package Manufacturing

Many forms and materials.

- Wrappers, cartons, boxes, crates, cans, bottles, jars, tubes, barrels, drums, and pallets.
- Paper, steel, wood, glass, burlap, plastic.

Second phase of packaging, the production process, may require the use of many packaging specialists.

Ad agencies may be consulted on design or copy.



Product Packaging ⁵

When Should a Package Be Changed?

- Product alteration or improvement.
- Substitution in packaging materials.
- Competitive pressure.
- Environmental concerns.
- Changes in legislation.
- Need to increase brand recognition.

The Role of Sales Promotion in IMC ¹

Sales Promotion

Direct inducement offering extra incentives all along the marketing route to accelerate the movement of the product from the producer to the customer.

- May be used anywhere in the marketing channel.
- Involves a direct inducement.
- Designed to change the timing of a purchase.

The Role of Sales Promotion in IMC ₂

The Positive Effect of Sales Promotion on Brand Volume

- Adds value to brand.
- Maximizes sales.
- Helps build short-term market volume.
- Accelerates sales by motivating customers to try a new product or brand.

Adding Value Through Promotion

McDonald's engages in regular and effective sales promotion. Restaurant guests know that they can't play Monopoly throughout the year, so they take advantage of the opportunity during the promotional campaign.



The Role of Sales Promotion in IMC ₃

The Negative Effect of Sales Promotion on Brand Value

- Erodes profitability, brand attitudes, and market share.
- Makes customers become deal-prone.
- Destroys brand equity.
- High cost.
- Can lead to a price war.

Sales Promotion Strategies and Tactics ¹

Two Types of Strategies

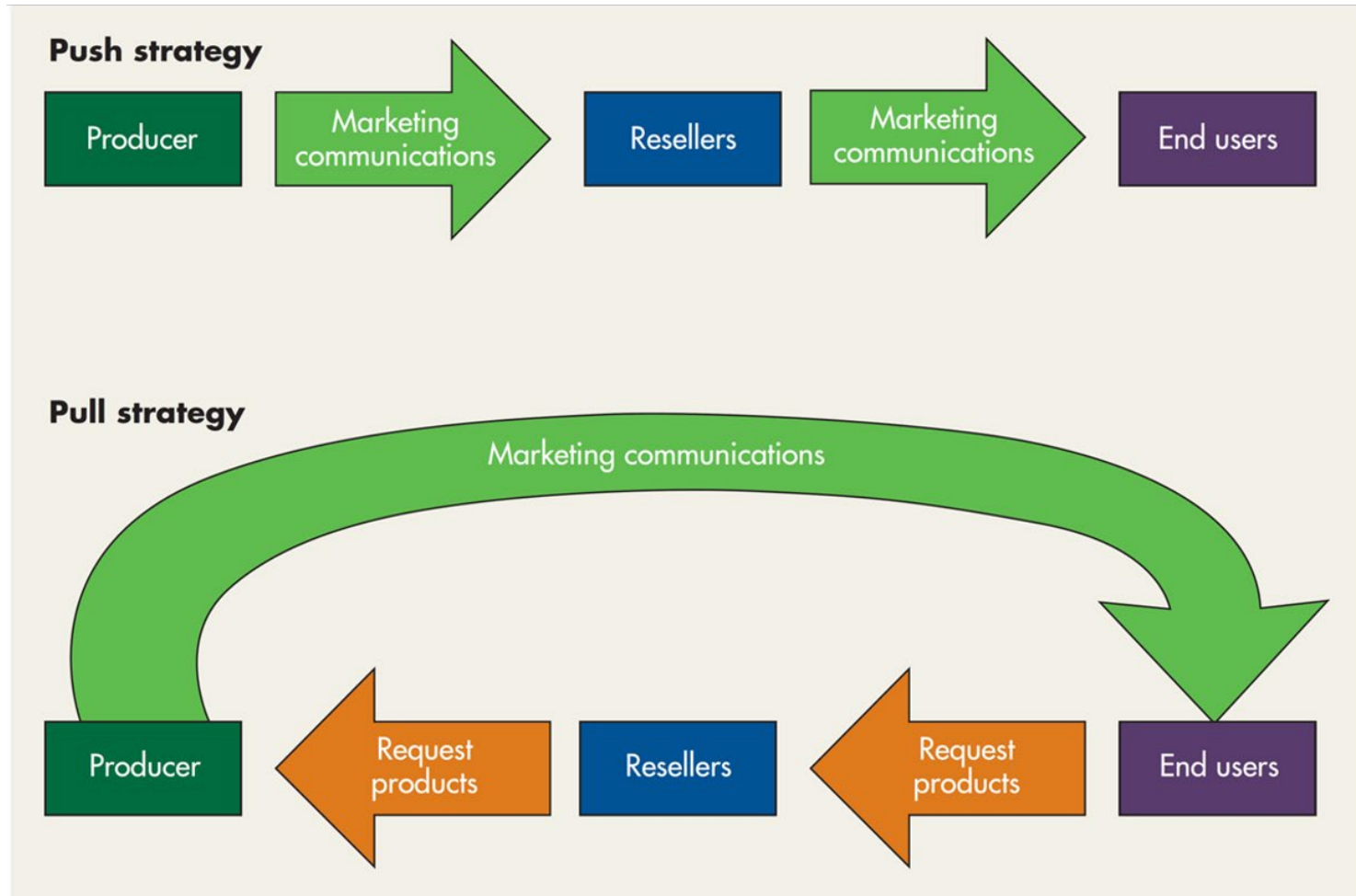
Push strategies: help get products into the dealer pipeline and accelerate sales by offering inducements to dealers, retailers, and salespeople.

- **Trade promotions:** aimed at wholesalers and retailers to induce product purchase, display, and consumer sales promotion.
- **Trade advertising:** stimulates intermediaries to buy goods for resale to customers or for use in their businesses.

Pull strategies: activities aimed at inducing trial purchase and repurchase by consumers.

- **Consumer sales promotions:** aimed at consumers to stimulate product interest, trial, or repurchase.
- More spending on trade sales promotions than on consumer sales promotions or media advertising.

Exhibit 15-4 Two Marketing Communications Approaches



[Access the text alternative for slide images.](#)

Sales Promotion Strategies and Tactics ²

Giving Brands a Push with Trade Promotions

Trade concentration gives greater control to the retailers and less to the manufacturers.

Slotting allowances: fees paid by manufacturers to retailers for obtaining shelf or floor space for a new product

Trade deals: short-term dealer discounts on the cost of a product or other dollar inducements.

- **Forward buying:** stocking up on a product when it is discounted and buying smaller amounts when it is at list price.
- **Diverting:** purchasing large quantities of an item at a regional promotional discount and shipping portions to areas of the country where the discount is not offered.

Sales Promotion Strategies and Tactics ³

Giving Brands a Push with Trade Promotions ^{continued}

- **Display allowances:** fees paid to retailers to make room for and set up manufacturers' displays.
- **Buyback allowance:** manufacturer's offer to pay for an old product to take it off the shelf to make room for the new product.
- **Advertising allowances:** percentage of gross purchases or a flat fee paid to the retailer for advertising the manufacturer's product.

In-Store Display

Manufacturers like DeWalt often pay a display allowance for their in-store exhibits, banners, and shelf signs. These fees benefit retailers like Home Depot by compensating them for the space occupied by the displays. And the manufacturer benefits from the increased exposure.



Sales Promotion Strategies and Tactics ⁴

Giving Brands a Push with Trade Promotions ^{continued}

Cooperative (co-op) advertising: sharing of advertising costs by the manufacturer and the distributor or retailer.

Dealer premiums, contests, and push money.

- Special prizes, gifts, or financial incentives for reaching specific sales goals.
- **Push money (PM):** monetary inducements for salespeople to push the sale of particular products, also known as **spiffs**.

Sales Promotion Strategies and Tactics ⁵

Giving Brands a Push with Trade Promotions ^{continued}

- **Company conventions:** meetings held by companies with their employees, sales representatives, and/or customers.
- **Dealer meetings:** meetings held by companies with their authorized brokers, distributors, and/or retailers.

Sales Promotion Strategies and Tactics ⁶

Using Consumer Promotions to Pull Brands Through

Point-of-purchase (P-O-P) materials: materials set up at a retail location to build traffic, advertise, and promote impulse buying.

Coupon: certificate with a stated value that is presented to a retail store for price reduction on a specified item.

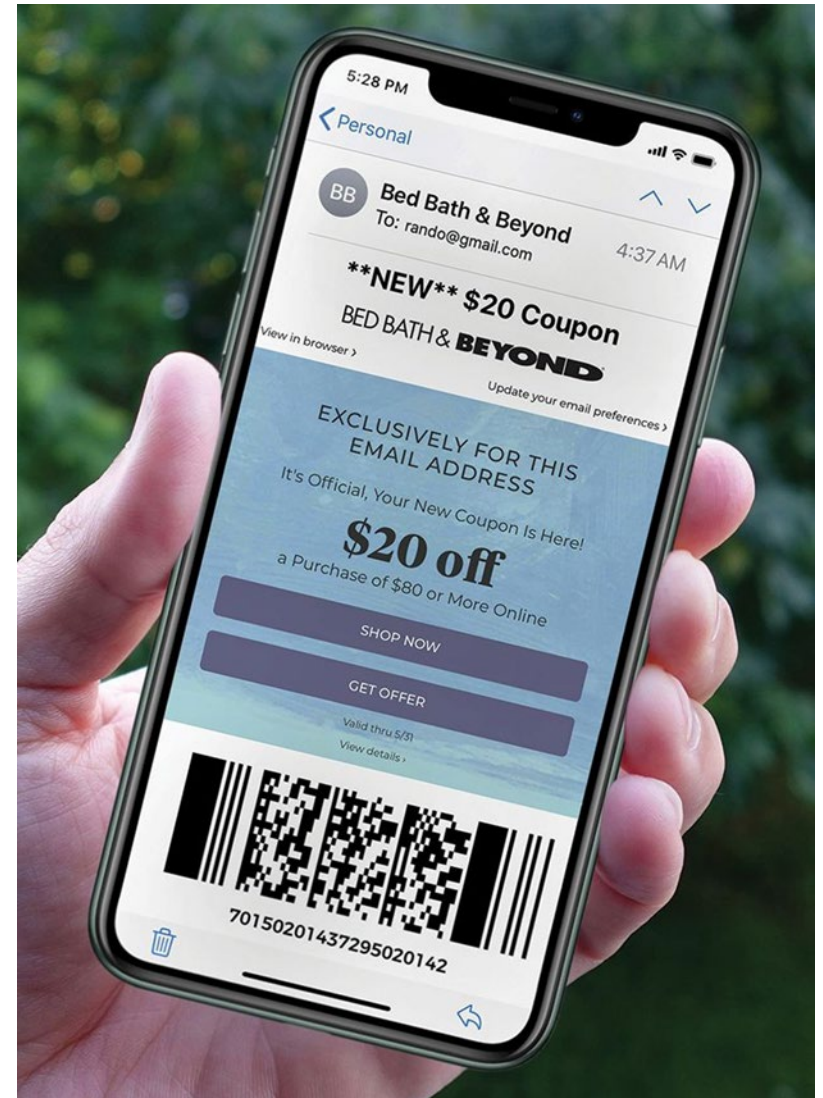
- More coupons being issued today due to digital technologies.
- **Freestanding inserts:** coupons distributed through inserts in newspapers.

Digital coupon: a coupon distributed at the point of purchase, based on customer information stored in an electronic database.

Convenience cards: cards issued by retailers that allow them to track customers' purchasing habits and demographic profiles.

Digital Coupons

Traditionally coupons reach consumers through newspaper freestanding inserts (FSIs), which have a higher redemption rate than regular newspaper or magazine coupons. But the growth of mobile advertising has shown that the phone is just as effective.



Sales Promotion Strategies and Tactics 7

Using Consumer Promotions to Pull Brands Through
continued

Cents-off promotions: short-term reduction in the price of a product designed to induce trial and usage.

Rebates: cash refunds offered as incentives to purchase a product.

- **Slippage:** rebate offers that are never redeemed and coupons that are never submitted because people forget, find them inconvenient, or don't follow the instructions.

Sales Promotion Strategies and Tactics 8

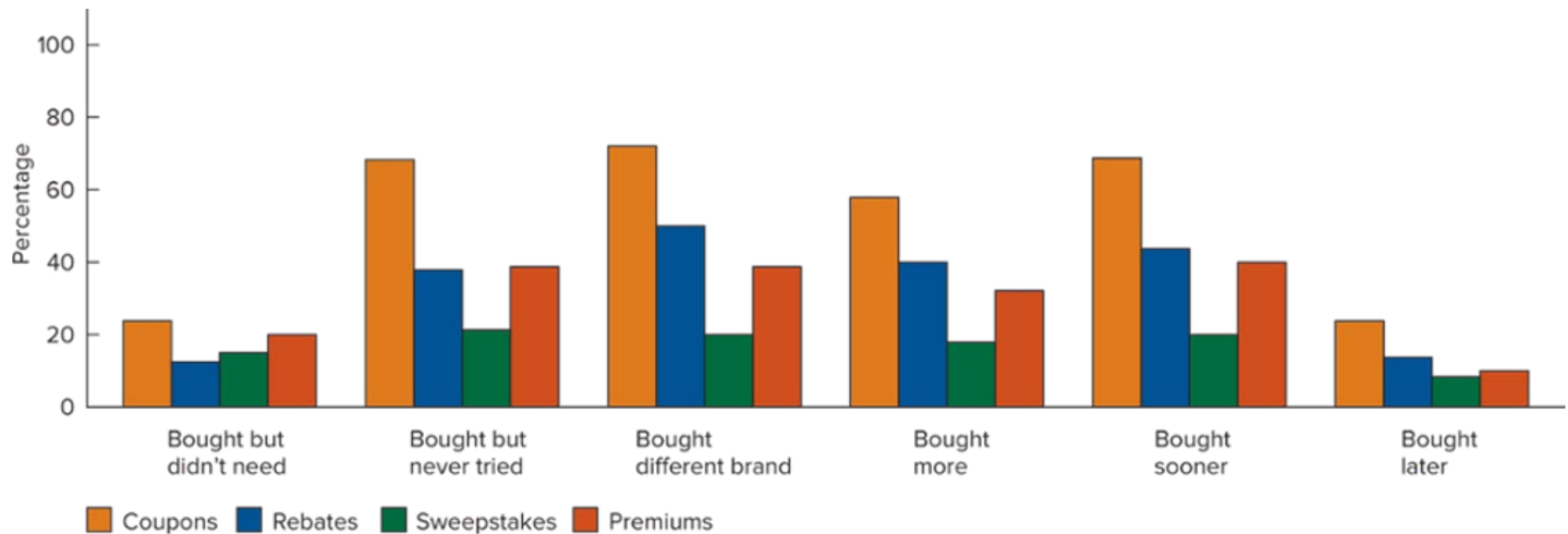
Using Consumer Promotions to Pull Brands Through continued

Premium: item offered for free or at a bargain price to encourage the consumer to buy an advertised product.

- In-pack premium: included in product package.
- On-pack premium: included on the product's package.
- Can be mailed on receipt of proof of purchase or given with product at time of purchase.
- Self-liquidating premium: consumer pays enough so seller breaks even but doesn't make profit.

Premiums intended to improve the product's image, gain good will, broaden the customer base, and produce quick sales.

Exhibit 15-5 Premiums Are One of the Most Effective Sales Promotion Techniques for Changing Consumer Behavior



Sales Promotion Strategies and Tactics 9

Using Consumer Promotions to Pull Brands Through continued

Sampling: offering consumers a free trial of a product, hoping to convert them to habitual use.

- **Polybagging:** samples delivered in plastic bags with the daily newspaper or monthly magazine.
- **In-store sampling:** handing out of free product samples to passing shoppers.

Combination offers: two related products packaged together at a special price, such as a razor and a package of blades.

Sales Promotion Strategies and Tactics ¹⁰

Using Consumer Promotions to Pull Brands Through ^{continued}

Contests: prizes offered based on the skill of the entrants.

Sweepstakes: prizes offered based on chance of drawing entrants' names.

Games: prizes offered based on chance, conducted over a longer period of time than a sweepstakes.

- Marketing advantage, as customers must make repeat visits to continue playing.

Contests, sweepstakes, and games all encourage consumption of the product by creating consumer involvement.



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