LEARNING PLAN 6: RETAILING AND INTEGRATED MARKETING COMMUNICATION

COMPETENCIES

EXAMINE RETAILING AND WHOLESALING.
APPLY INTEGRATED MARKETING COMMUNICATION CONCEPTS.

This learning plan addresses the following learning objectives to help you master the competency:

a) Describe the roles of retailing and wholesaling in the distribution channel.
b) Identify the major types of retailers.
c) Describe major types of wholesalers.
d) Distinguish between marketing decisions facing retailers and wholesalers.
e) Describe the advantages of integrated marketing communications.
f) Identify five promotional tools.
g) Describe the integration of public relations with a company's stakeholders.
h) Discuss key factors in developing sales promotion campaigns.

OVERVIEW

Make a list of the retailers you use most frequently. Where do these retailers get their products from? Have you ever been to a trade or home show? Were your favorite retailers or their wholesalers at the trade show? What kinds of communication and promotion did they use?

After learning about the different types of channels and their importance to the seller, let’s examine two common intermediaries, or channel members: retailers and wholesalers. We are probably familiar with these two terms, but this learning plan will focus on their different roles and the major types of both retailers and wholesalers. Just like manufacturers, retailers and wholesalers must sell goods and therefore must engage in marketing activities. We will identify examples of marketing decisions affecting retailing and wholesaling.

In this learning plan, we will learn about the importance and complexity of communication concepts and strategies underlying effective marketing techniques, and about the implementation of successful marketing strategies. We will discuss the advantages of communication through various promotional tools. This discussion will include sales campaigns and public-relations activities. Through understanding the various stages of communication, marketers will be prepared to design and implement effective marketing strategies.
LEARNING OBJECTIVE: DESCRIBE THE ROLES OF RETAILING AND WHOLESALING IN THE DISTRIBUTION CHANNEL.

We learned about many different channel partners and how they work together to meet both the needs of the firm and the customer. Now, we are going to discuss the major characteristics of the retailer and the wholesaler.

RETAILING

Retailing is all activities engaged in the selling, housing, and transporting of goods and services from the firm to the customer, and is thus the last step in the distribution channel. Retailing involves the movement of products or services into the hands of the right consumer and is a vitally critical marketing endeavor. In an economic sense, the retailer provides a service to the marketplace by getting the right product or service to the right customer. This activity creates value for consumers.

Here is an example of how a company adds value for a consumer by providing the transport of goods and services in the marketplace. Throughout the U.S., Bank of America has populated the marketplace with its banks and related services. You will see Bank of America ATM sites in most cities. The ATM sites act as kiosks where the consumer can receive “cash on demand” with a simple swipe of a card and the use of a pin number. The consumer gets what he or she wants without waiting in line. The service offers another operations feature to a bank using the ATM: While the consumer is provided excellent service at the ATM, the bank saves on tellers’ wages.

THE RETAIL LIFE CYCLE

Because the consumer is king in the marketplace, consumer desire for products and services can change the nature of any industry, including the hundred-year-old gas station industry. Through examination of the industry, we can see how the life cycle of a retailer can and must change, and how retail businesses must react to consumer demands.

Henry Ford and the manufacture of the Model T Ford created an instant revolution throughout the U.S. Over time, gas stations sprung up on every city corner. In addition to needing gasoline for the vehicle, every consumer needed someone to fix his or her car. The mechanic who owned the station pumped gas but created a sideline business in automobile maintenance. The primary business became car maintenance and repair, and its secondary function was a place to fill up with gas.

In the 1950s, with the invention of franchising, the whole idea of convenience using “convenience marts” began. McDonald’s and many of its other fast-food competitors created the idea of convenience and “have it your own way” in the minds of consumers. We discussed
earlier how McDonald’s created a cafeteria style of consumerism, where customers could design their own meal. In our fast-paced world, consumers decided that if they could do their convenience shopping with “one stop,” they would prefer that the gas station offered them a loaf of bread and a gallon of milk, as well as the ability to gas up their automobiles. The next move in the gas station industry was away from actual mechanics and filling gas tanks. Gas was merely a sideline to selling cigarettes, soft drinks, and candy bars. Most mechanically oriented service station owners were ill-equipped for this move away from the gas pump and the role of the mechanic. The skill of merchandising and retailing other products and services needed by consumers created the condition where convenience marts arose in response to the customers’ needs, moving consumers away from the gas station type of facility to a place where other needs of the consumer could be fulfilled: gasoline and other products needed for “one-stop” convenience shopping.

Gas stations declined, and convenience marts sprung up on every other corner. What function does a retailer play? As evidenced in this example, the retailer’s prime function is discovering what customers want and giving them exactly what they want. As you can see, a retailer cannot have the mindset of a mechanic. A retailer’s primary function is to notice opportunities in the market and move resources in that direction. This is exactly what most convenience-mart owners have done over the past 50 years. They have simply bought out gas station owners and have created convenience stores.

You can see that the retail life cycle is concerned with the “how” of getting products and services to consumers over time. Therefore, retailers must identify with consumer needs and wants and change the way they sell goods and services according to trends in consumer demands.

WHolesaling

Wholesalers, on the other hand, serve a different function than retailers. Because there are so many manufacturers, it becomes very difficult for many retailers to keep track of them. Therefore, many retailers use wholesalers that wholesale, or warehouse, a whole range of different products within one industry.

There are several types of these intermediaries as we explained earlier. There are wholesalers and agents who work at distributing various manufacturers’ products. These intermediaries contact retailers to see if they can move product for the manufacturers they represent. If a product is new, they may represent the products on consignment. Consignment in this case refers to a retailer attempting to sell goods that it does not own or have title to in exchange for a portion of the profit. Goods on consignment that do not sell will be returned to the wholesaler. After the product has been successfully introduced, the wholesaler may be willing to purchase the product for resale. As long as the product has been successful and there is less risk to a wholesaler, wholesalers will be more inclined to take immediate possession of a product as an intermediary, taking product title away from the manufacturer, so the manufacturer can spend more time and money on production and the development of new products and services.
The major groups of wholesalers are called “merchant wholesalers” that move product for about 83 percent of the wholesale business; these larger wholesalers aggregate and beneficially work together to move through the market. In such a way, they have greater market coverage with less risk and more opportunity.

**LEARNING OBJECTIVE:** IDENTIFY THE MAJOR TYPES OF RETAILERS.

Now that we have discussed the roles of both retailers and wholesalers, let’s look more carefully at the major types of retailers.

**INDEPENDENT RETAILER**

Most retailers sell to the ultimate decision-maker, the customer. The first type of retailer is an independent retailer. This entity is owned by an individual, partnership, or small corporation. These are “mom and pop” (meaning small or family-like) businesses that represent 1.5 million business organizations. Jewelry, florists, and sporting-goods stores can be examples of such businesses.

**CORPORATE CHAINS**

Most corporate chain retailers are department stores that have migrated to multiple states and countries. Examples are Wal-Mart, Mervyn’s, Best Buy, Marshall Field’s, and hundreds of other names that are probably familiar to you. Mass coverage is the benefit of the chain retailer. In addition, cost containment is also a feature of these large entities. A chain can bargain with the manufacturer for
special discounts, especially when it purchases products by ordering them in bulk. Customers receive cheaper and more consistent products when and wherever they shop from chain department stores.

Contractual stores are stores such as Independent Grocers Alliance stores (IGAs). Even franchises such as McDonald’s act as such a store. Just as the chain store does, contractual stores order in bulk and are able to negotiate a lower cost of goods and services from their suppliers. Ace Hardware, RadioShack, and fast-food restaurants are part of this group.

**LEARNING OBJECTIVE:** DESCRIBE MAJOR TYPES OF WHOLESALERS.

There are two major types of FULL-SERVICE wholesalers. **General merchandise (or full-line) wholesalers** carry a wide assortment of merchandise and perform all of the channel functions. This wholesaler is commonly in the hardware, drug, and clothing industries. Because it carries so many different items, its offerings aren’t as deep. Because it covers a breadth of products, its depth or variety within any one category is limited.

**Specialty wholesalers** do what general wholesalers can’t do. Specialty wholesalers will assume a narrow range of offerings but will provide a broad variety of each product. In other words, they give up breadth of product coverage in favor of a deep product offering of a limited number of different products. A few examples are health food, automotive, and seafood industries.
Limited-service wholesalers are another major type of wholesaler. There are four major types of limited-service wholesalers.

1) Rack jobbers furnish the racks of offerings such as Frito-Lay products. The manufacturer still retains title on these products. They sell their products on consignment to retailers and give them a portion of their profit in exchange for the retailer allowing them space. Other industries that hire rack jobbers are those that deal with hosiery, toys, house wares, and beauty products.

2) Cash and carry wholesalers assume the title for these products. These wholesalers provide no transportation, but they are willing to extend credit and give valuable information. These wholesalers are in the areas of electric, plumbing, hardware, and groceries.

3) Drop-shippers are wholesalers that maintain the product title but are willing to drop their customer’s product into the mail or send products by FedEx or UPS. Most of their orders are faxed or are sent over the phone and are shipped from the manufacturer or firms who order the products sent.

4) Truckers are yet another type of limited-service wholesaler. A trucker is a firm that may be in the perishable food market. This wholesaler will deliver products from their original boxes to their recipient. Dairy products, fruits, vegetables, and meats are products that truckers deliver to grocery stores and restaurants.

Finally, there are manufacturers’ agents and brokers. These wholesalers act as the sales arm of a company in a territory. This sales activity allows a firm that has a new product to sell the product separately from its other products or product lines. A firm just beginning to sell a product will come to a manufacturers’ representative to market its product. A manufacturers’ broker fulfills the very same function as a manufacturers’ agent but will only serve as a one-time representative. The real-estate industry incorporates this terminal type of relationship.

**LEARNING OBJECTIVE: DISTINGUISH BETWEEN MARKETING DECISIONS FACING RETAILERS AND WHOLESALERS.**

Malcolm P. McNair proposed the idea of the “Wheel of Retailing,” which is similar to the idea of the “Wheel of Fortune” or the “WHEEL OF MISFORTUNE” as the industry is affected by new retail entrants. As we discuss the Wheel of Retailing and align this model to the product life cycle, notice how this Wheel of Retailing could also affect wholesalers. Just as Subway restaurants have begun to attack the burger chain market, wholesalers of the burger companies that sell hamburgers could be affected. Remember, it takes both a wholesaler and a retailer to make a sale. Therefore, serious declines due to a firm moving into the declining stage of its product life cycle can affect both retailers and wholesalers equally. So, as we discuss our Wheel of Retailing example, notice how product life cycle changes may, in fact, affect specialist wholesalers just as much as they affect retailers.
The model is represented by a circle that goes from 1 to 2 to 3 and finally to 4, clockwise, representing a life cycle or a “wheel of retailing” over the product life cycle. We can use McDonald’s as an example and apply it to the model:

As all successful businesses begin at stage 1, so did McDonald’s begin with low prices, low margins, and low status. After several successful years, the owners began to add new furnishings to upgrade their establishment. However, to pay for those added features, customers needed to pay more for their burgers and fries. As McDonald’s became more popular, or gained a higher status, customers were willing to pay higher prices. At this point, McDonald’s was in the growth stage of the product life cycle at 2. So it continued for several years, demanding higher prices and enjoying higher margins, and eventually moved from the growth stage into the maturity stage at 3. During the maturity stage, McDonald’s continued to be popular and continued to enjoy high margins and high status. However, at this stage, new competitors opened their doors. McDonald’s soon had Burger King and then Wendy’s nearby. These new firms entered the market at stage 4. Each of these new businesses began with low prices, low margins and low status, and hoped of taking away some of McDonald’s business. McDonald’s couldn’t continue offering its old menu items at its high prices. To keep its present customers and stay in competition with Burger King and Wendy’s, McDonald’s need to change its menu and the food items it offered.

At stage 3, if the owner of a business doesn’t make some serious changes, the competition that arrives at stage 4 might put the owner out of business. The power of the Wheel of Retailing, along with the product life cycle, is that it gives the marketer a road map of a likely future. It’s up to the marketer to take this information and steer the path to success, prolonging the life of the product and preventing failure.
LEARNING OBJECTIVE: DESCRIBE THE ADVANTAGES OF INTEGRATED MARKETING COMMUNICATIONS.

A firm’s integrated marketing communication strategy offers the firm an AUDIENCE WITH THE CONSUMER and, therefore, a chance to influence the consumer to purchase or otherwise engage in a product or service idea offered by the company. An integrated marketing communication strategy is composed of different types of communication activities, which are as follows:

1. **Advertising** – A paid form of non-personal communication about an organization, product, service, or idea that benefits a sponsor.

2. **Personal selling** – A two-way flow of communication between buyer and seller, or agent of the seller, often face-to-face or over the phone, and designed to influence a person or an organization’s purchase decision.

3. **Sales promotion** – A short-term offer of value extended to an individual or organization to arouse interest in purchasing a product or service within a specified time.

4. **Public relations** – Communication by which an organization wishes to influence the opinions, beliefs, or feelings held by customers, projected customers, stockholders, suppliers, employees, or the general public about a company’s image, products, or services.

5. **Direct marketing** – A promotional element that uses direct communication with consumers to generate a response in the form of an order, a request for further information, or a visit to a retail or wholesale outlet.

To understand how these different communication strategies might come together as an integrated approach, let’s look at the techniques of a company that is one of the leading consumer communications organizations in the world: The Disney Corporation.

The best way to introduce a well-integrated marketing communications project is to describe one in action. One of the biggest integrated marketing communications projects was Disney’s 100 Years of Magic anniversary celebration, commemorating Walt Disney, its founder. Why did Disney decide to implement an integrated marketing communication plan? Disney wanted nothing about the celebration to be left to chance. Therefore, Disney Corporation created a well-orchestrated and highly integrated marketing communication program for the celebration.

Disney created a $250 million budget to be spent over a 15-month period. Disney used this huge budget for the company to benefit in a gain of over $500 million from promotional exposure as it advertised with leading vendors, such as McDonald’s, Coca-Cola, American Express, and Kellogg’s. Included in its planning, Hallmark was the “front door” for its marketing communication strategy. Disney sought Hallmark to help tie-in the direct mailing cards and thank-you notes for people who came to the event, with Hallmark’s own consumer market. As a “back door” strategy, Disney advertised with several
magazines and joint-ventured the advertising media with Toys R Us. These initiatives created the possibility of twice the media coverage. Individuals who were buying products or shopping in stores were exposed to the Disney event through this cooperative advertising, while the stores and eating establishments themselves benefited from the image of being associated with the Disney Corporation. This became an advertising campaign that cooperatively benefited all participants.

Continuing its promotion campaign, Disney set up radio ads all over the U.S. Disney’s “Stars on Ice” was involved as well, going to various locations all over the country to spread the news. Disney kiosks in several department stores and malls all over the U.S. offered yet another advertising venue for the entertainment giant. As a utilization of its advertising budget, Disney gave its 300,000 members special rates and discounts to enter Disneyland and to take part in its celebration. Disney also gave reduced rates for members who brought their families or friends to the celebration.

You can see that Disney used every promotional effort it could in the form of advertising, personal selling, sales promotion, public relations, and direct marketing over a 15-month period to accomplishing three basic things:

1) Disney informed prospective members about the events included in the celebration and when it was to take place, and about the benefits of being a member.

2) Disney asked the general public to come and take part in the extravaganza.

3) After the event, Disney wished to remind people of the benefits they enjoyed in being a part of the festivities and to return often.

This is an excellent example of an integrated marketing communication strategy that optimized the investment of marketing dollars across a broad spectrum of marketing venues, all designed to influence the consumer to spend his or her entertainment dollars with the Disney Corporation.

Just as Disney did, other firms are being forced to implement well-integrated, marketing communication plans. Marketing budgets are becoming increasingly more valuable as the global marketplace becomes more and more competitive. The idea of an integrated marketing strategy is simply this: How can a company receive the biggest “bang for its buck?” Using an integrated strategy gets more mileage out of the firm’s investment dollar in influencing its consumers. As markets across the globe become more and more competitive, it will be necessary for more firms to adopt a similar integrated strategy, laying down a whole plan of activities and investments before the event and negotiating with other suppliers and vendors by engaging them in the activities to share both expenses and visibility to the consumer.
WHAT IS A COMMUNICATION PROCESS?

Communication is not a single event, but rather an interactive process. The following model identifies the individual components of a communication event. It is critical that individuals designing communication strategies understand each of these steps to communicate well and efficiently with the marketplace. In other words, don’t think of this as a single act but as a process.

Wilbur Schramm, in his essay, “How Communications Works” outlined the following process of mass communications. The “Communication Process” model is as follows; to understand the communication process, we will analyze and discuss these seven variables:

1) The source is the sender of the message.

2) Encoding is the sender creating a message that will be understood by the receiver. Encoding is transforming an idea into a set of symbols for an audience.

3) The message is information sent by a source, which has to go through a message channel to reach the receiver, or target market. The message channel is the advertising or promotional agency delivering the message.

4) The message has to be decoded or understood by the receiver. Decoding is the reverse of encoding. It is a process of having the receiver take a set of symbols, the message, and transform them back to an idea.

5) A receiver is a customer who reads, hears, or sees the message sent by the source.

6) Next, the receiver has to respond by acting on the message that was sent.

7) Feedback from the response comes back to the source. Now, the source has to decide whether the message created the desired response from the receiver. If not, the source will have to change its message and/or message channel, and proceed again from steps 1 through 7.

So let’s give some examples of a successful message sent to and received by its target market. Then, we will discuss an unsuccessful ad that never met its target market. Finally, we will examine an ad that was successful but was withdrawn by the FCC because it was inappropriate for children.

An example of ad-product messages that were received by their destined targets is, McDonald’s ads targeting children. Many of the McDonald’s commercials are aired during Saturday morning cartoons, and most of the ads use children as main characters. McDonald’s knew that mothers shopping with children would often stop there for lunch and that the children looked forward to eating at McDonald’s. For many years, McDonald’s even promoted itself as a place to hold children’s birthday parties. So for 30-plus years, McDonald’s has purposely advertised to children because feedback indicated that
children wanted their parents to take them to McDonald’s to eat, because the message had been reached by the targeted audience. McDonald’s also knew that one day these kids would grow up and would bring their own children, and later, their grandchildren to eat at McDonald’s.

Another successful marketing strategy was with the Ford Mustang. At one point, the Ford Mustang was marketed to college student-body presidents who were given huge discounts to purchase this car. Ford marketed this product successfully from stage 1 to stage 7 in the above process, initially targeting teenagers and young adults. Today, the Mustang’s target market spans all ages and is still Ford’s best-selling automobile. However, it wasn’t that way with all Ford cars. An unsuccessful target and message campaign was the Ford Edsel. The target market for an Edsel would have been those consumers in the middle to upper income range. In 1958, Ford was mass marketing, and the prime target market did not receive the message. Because Ford mass marketed the Edsel and never had a target market, Ford had to close its Edsel manufacturing production. The Edsel had become such a big failure that Ford couldn’t go back to Step 1 and start over.

Next is an ad campaign that reached the right target but also reached a wrong audience. If you recall, the 2005 Carl’s Jr. burger ad was taken off of the air. Paris Hilton starred in this ad, washing a black Bentley and wearing a revealing swimsuit. Every once in a while, she would take a huge bite out of a Carl’s Jr. “Spicy Burger.” Carl’s Jr. was targeting men who like to eat and probably liked Paris Hilton’s style. Carl’s Jr. felt that the men who most likely ate its huge burgers would be attracted to this ad. The ad did, in fact, double Carl’s Jr.’s sales and was enormously successful. However, the ad only lasted two weeks before it was canceled. The commercial was being shown on prime time television, and the FCC felt that it was unacceptable for children. So Carl’s Jr. had to cancel a successful ad and had to start over. However, the restaurant still enjoys the benefits that the controversy of the “failed” ad created.

When Yoplait first began, it was not immediately successful. It decided to use celebrities to market the message that Yoplait yogurt was superior to all other brands and to enter the market with a higher price than the competition. Because its advertising and production costs were very high for a perishable product, it eventually realized huge losses. Management was able to change its marketing and production processes, and to bring down its costs and price to meet the competition, and so, Yoplait remains a part of the market today.

The McDonald’s and the Ford Mustang “receivers” did get the message and did respond positively. However, in the case of the Edsel, there were no receivers receiving the message, and therefore the Edsel failed. As for the Carl’s Jr. ad, the receiver understood the message and responded, but the ad was also perceived as having a negative influence on a market that wasn’t targeted. So, we can see that a firm needs to create not only a successful message but also a publicly acceptable message for it to work. Yoplait had a successful message and receiver but was unrealistic about the response and the revenue it would generate in relation to its overhead.

In summary, a marketing strategist can enhance the overall effectiveness of an integrated marketing plan by focusing on the unique and discrete events that occur within the process as a whole. To do so
will ensure that effective consideration has occurred at each and every point in the communication process for an overall effective outcome.

**LEARNING OBJECTIVE: IDENTIFY FIVE PROMOTIONAL TOOLS.**

The five promotional tools and the strengths and weaknesses of each are as follows:

### ADVERTISING

Advertising can reach a wide variety of consumers, but relative to other communication vehicles available to the marketing strategist in the organization, advertising costs can be high while still creating an element of risk. The risk is that the marketing strategist is not certain that the advertising will reach the correct audience. Simply said, the marketing strategist worries about whether the right people will receive and act on the message.

When you hear “M’m! M’m! Good!,” what product do you think of? When you hear “Zoom-Zoom!” what product comes to mind? Forget the specific product name—what KIND of product do you visualize? From these two examples, we can see the impact of the branding of a product or service. Marketing professionals have created a deep awareness in us of a specific brand image or product image based on certain identifiers associated with that product or service. In this case, Campbell’s soup is “M’m! M’m! Good!” One even gets an image of comfort on a cold winter’s day with a cup of hot Campbell’s soup. Health, family, nurturing, and comfort are qualities of the product. Zoom-Zoom! What images pop into your head? A small dark-haired boy, watching a car race down the road? The type or brand of automobile does not necessarily come to mind, but winding roads and a small boy who is thrilled with automobiles and speed often arise in the mind of the consumer.

Brand characteristic is an important concept for the marketer, as the more aware we are of the product and its capabilities, the less likely we are to switch to another similar or alternative product. If there is a switching cost, consumers will often stay with a product or service rather than having an additional cost of taking on a new one. Leasing companies often have a $1,500 benefit for consumers who stay with their firm when they are leasing a new car. To switch to a new leasing company, the individual would lose the $1,500 credit made available to him or her by staying with the existing firm. For this reason, it is imperative for consumers to know and trust a company’s brand. Advertising plays a key role in what image a company has in the minds of consumers.
Advertising comes in many forms that include radio, TV, Internet, billboards, and magazine/newspaper ads to name a few. Product placement is another form of advertising that has become increasingly popular. Think about the last movie you saw. Did you notice any products used by the actors? These products didn’t get there by chance. Companies often pay producers to “place” their products in films. For example, a car manufacturer may provide a car to be used in a film, or a beverage may be supplied by the manufacturer as well.

To see more about advertising, take a look at http://historymatters.gmu.edu/mse/Ads/question3.html and explore how advertising may be geared to target markets.

**PERSONAL SELLING**

With personal selling, the marketing strategist is certain that the consumer received the message, and the marketer receives immediate feedback rather than waiting for a response. However, the expenses for this type of activity are extremely high because personal selling requires an individual to make a call on a consumer or to visit with a group of consumers. Commissioned salespeople can make more money than middle managers. Sales commissions become a large portion of a firm’s business expenses. Insurance sales may be an example of personal selling. We will discuss personal selling further in the next learning plan.

**PUBLIC RELATIONS**

This form of marketing communication is less expensive. Further, carefully crafted communications can create a positive image in the mind of the consumer. However, this type of advertising campaign takes skilled resources and time to develop. Further, public-relations media are often difficult to obtain, as they require support of the news media. Cooperation of this kind can come at a high price and usually means that individuals involved in media relations spend important time and attention courting the media on behalf of the organization. Public relations is discussed further in the last section.
SALES PROMOTION

Sales promotion can create a positive effect in the short run, and it is very flexible. However, there is an exposure risk. The competition can very easily duplicate the efforts of an organization in a look-alike activity, making it difficult to differentiate one advertising company from another. Right now, all of the car companies are following the GM advertising maneuver, where consumers pay the employee price for his or her car. This is a type of sales promotion. When all companies follow the same advertising techniques, it dilutes the benefit of the advertising expenditure.

DIRECT MARKETING

The direct-marketing message is easily created and implemented. The risk with this type of advertising expenditure is the possibility of low customer response. As a consumer, think about the large number of ads and “junk mail” that you receive each day. What do you do with these pieces of mail? Marketers must consider the costs and the target market before choosing direct marketing. There are, however, several benefits of direct marketing to both buyers and sellers. For buyers, direct marketing is convenient, easy, and private. It provides shoppers with product access and selection, gives consumers access to a wealth of comparative information and is interactive and immediate. For sellers, direct marketing is a powerful tool for customer relationship building. It reduces costs and increases speed and efficiency. It also offers flexibility and has become a global medium that allows buyers and sellers to access the product or service in seconds.

We will discuss direct marketing further in the next learning plans.

LEARNING OBJECTIVE: DISCUSS KEY FACTORS IN DEVELOPING SALES PROMOTION CAMPAIGNS.

Sales promotions can be directed toward consumers, resellers, or salespeople. A firm needs to know which group it wishes to influence and how much benefit it will receive from offering sales promotions to any of these three groups. The best choice would be the group that would influence the most customers. The three groups toward which sales promotions might be directed are:

CUSTOMERS

A sales promotion that is directed toward the customer is called a PULL STRATEGY. The aim is to pull the customer into the store, enticing them to try the product. A new-product promotion may direct the product toward both new and regular users. A sales promotion can encourage regular users to purchase the product more often. It can also bring more people into a retail store to purchase other products.
And finally, if new users, as well as regular users, like the product then the promotion may increase the number of consumers using the product.

**RESELLERS AND SALESPERSONS**

A sales promotion that is directed toward resellers and salespeople is called a **PUSH STRATEGY**. The reason it is called a push strategy is because resellers and salespeople are trying to push consumers into purchasing the product. Sales promotions directed toward resellers attempt to increase the reseller’s inventories. These sales promotions are also employed to motivate salespeople and serve to educate the sales force. Sales promotions that are displays support the vendor, selling more of a firm’s products. Good promotions also help the flow of products and services in the distribution process. And finally, sales promotions can be used to gain more and better shelf space as well as stabilize sales volume.

**LEARNING OBJECTIVE: DESCRIBE THE INTEGRATION OF PUBLIC RELATIONS WITH A COMPANY’S STAKEHOLDERS.**

A public-relations campaign attempts to influence the public in a positive way toward the organization and/or the product. It is a form of influence seeking to persuade customers, prospective customers, stockholders, employees, and others to view a company’s products or services in a favorable light. This concept is integrated into business operations as a somewhat continual means of creating a positive image.

In a broader sense, public relations can mean any public activity in which a company is involved and is often executed in one of four forms.

The **first** is a **news release**. This is an announcement provided to the news media to announce an item of importance, which may include a new product offering, company expansion, higher than normal earnings, community involvement, philanthropy, etc. The news release is usually done in writing.

**Second**, is a **news conference**. This is similar to a news release, but a meeting is set up between an officer of a company and the news media to discuss some item of importance. Again, this may include a new-product offering, company expansion, company closure, etc.

**Third** is a **sponsorship**. When a firm supports an event, it is facilitating a sponsorship role. For example, a company may provide money and advertising to sponsor a charity event, or it may send one of its staff members to the local high school for career day.

**Fourth**, is **public service promotion**. Many not-for-profit organizations do not have the money to promote a goodwill event and will call upon a local radio or television station to defer its advertising costs. This activity becomes a public-relations activity because a company will probably be thought of positively if the public knows they are helping a not-for-profit organization.