

Retail Communication Mix

Role of Retail Communication Programme

- The goal of retail promotion program is to generate sales. And the retailers, in order to achieve this goal, adopt various methods like informing, persuading and reminding target customer about their existence and their products or services.
- Thus, informing, persuading and reminding are the key functions of the retail program.
- **Information**
- This is primary function of the retail promotion programme. Retailers provide information to the customers about themselves and the product and services they offer. For example, the most common tool for disseminating information is the advertisements placed by supermarkets in the news papers that inform us about the special discount prices on its groceries.

- **Persuading**

- This is an important function of the retail promotion program. It involves asking people to visit the store and purchase its merchandise and or services. For example, a supermarket might offer discount coupons to customers through newspapers and motivate them to buy products.

- **Reminding**

- It involves reminding its customers frequently about its products and its benefits, so that customers loyalty towards the store. Though a retailer may be liked by customers, it could be very difficult for the former to retain its customer due to its competitors appeals. Hence, an increasing number of retailers, as a part of their reminding task, are developing promotional strategies like loyalty programme or frequent shoppers programme for their customers.

Methods of communication with Customer

- **Paid Impersonal Communications**
- Advertisement, sales promotional, store atmosphere and websites are examples of paid impersonal communication.
- **Paid Personal Communication**
- Retail salespeople are the primary vehicle for providing paid personal communication to customers. Personal selling is a communication process in which sales people assist customers in satisfying their needs through face to face exchanges of information.
- **Unpaid Impersonal Communication**
- The primary methods for generating unpaid impersonal communication is publicity. Publicity is communication through significant unpaid presentation about the retailer, usually a news story, in personal media.

- **Unpaid Personal Communication**

- Finally, retailers communicate with their customer at no cost through word of mouth, communication between people about a retailer. For example, retailer attempt to encourage favorable word of mouth communication by establishing teen boards composed of high school students leaders. Board members are encouraged to tell their friends about the retailer and its merchandise. On the other hand, unfavorable word of mouth communication can seriously affect the store performance.

IMPERSONAL

PERSONAL

PAID

Advertising
Sales promotion
Store atmosphere
Web site
Community building



Personal selling
E-mail
Direct mail
M-commerce



UNPAID

Publicity



Word of mouth



Retail Communication Mix

- Communication is an integral part of the retailer's marketing strategy. Primarily, communication is used to inform the customers about the retailer, the merchandise and the services.
- It also serves as a tool for building the store image. Retail communication has moved on from the time when the retailer alone communicated with the consumers.
- Today, consumers can communicate or reach the organizations. Examples of this include toll free numbers, which retailers provide for customer complaints and queries. Another example is the section called Contact Us on the websites of many companies.

Retail Communication Mix

- Advertising
- Sales Promotion.
- Personal Selling.
- Publicity/Public Relation.

Advertising

- “Advertising is any paid form of non personal presentation and promotion of ideas, goods and services by an identified sponsor.”
- Advertising is the form of communication intended to promote the sales of the product or services to influence the public opinion, to get political support or to advance a particular causes.

Features of Advertising

- It is mass communication process.
- It is informative action.
- It is persuasive Act.
- It is competitive act.
- It is not the part of product.
- It is Paid for.
- It is non personal presentation.

- However, a retailer may use advertising to achieve any of the following objectives:
 - 1) Creating awareness about a product or store
 - 2) Communicate information in order to create a specific image in the customer's mind in terms of the store merchandise price quality benefits etc.
 - 3) Create a desire to want a product.
 - 4) To communicate the store's policy on various issues.
 - 5) Help to identify the store with nationally advertised brands.
 - 6) Help in repositioning the store in the mind of the consumer.
 - 7) To increase sales of specific categories or to generate short term cash flow – by way of a sale, bargain days, midnight madness etc.
 - 8) Help reinforce the retailer's corporate identity.

- **Determining the Advertising / Promotional budget**
- While there is no definite formula for determining the advertising or the overall promotion budget the following are the main methods that may be employed to determine the advertising budget.
- **The percentage of Sales method:**
- This is perhaps the most commonly used method for determining the budget. Here, the budget is a fixed percentage of sales. The biggest advantage of this method is that it is simple to apply and it allows the retailer to set an affordable limit on promotional activity. This method however, takes little consideration of the market conditions of any special advertising needs.

- **The Competitive Parity Method**

- Here the budget is based on the estimated amount spent by the competition. There is risk that it could be based on wrong information and again there is little consideration for market conditions or growth opportunities.

- **The research approach or the Task and objective Method**

- The budget is determined on the basis of a study of the best forms of advertising media and the costs of each. The retailer formulates advertising goals and then defines the tasks necessary to accomplish these goals. Next, the management determines the cost for each task and adds up the total to arrive at the required budget. Here, advertising expenses are linked to the retailer's objectives and the effectiveness of some forms of advertising can be measured and compared to costs.

- **The incremental Method**

- The budget is simply based on the previous expenditure.

Steps in Designing Advertising Campaign

- Identify the target Audience.
- Set the advertising Objectives.
- Determine the advertising budget.
- Design the message.
- Evaluate and select the media.
- Create an advertisement.
- Measure the impact.

Advantages of Advertising.

- **Advantages to Manufacturer.**

- II. It increases the sales volume.
- III. It increases the Net Profits.
- IV. It controls Product Price.
- V. It helps in Opening New Market.
- VI. It Maintain existing Market.

- **Advantages to Salesman**

8. Curtails the Burden of the salesman job.
9. Least Efforts.

- **Advantages to Wholesalers and Retailers.**

11. Create easy sales.
12. Increase the turnover.
13. Attract the more customers.

Advantages of Advertising.

- **Advantages to Customers.**

2. Easy Purchasing.
3. Saves time.
4. Choose best quality product.
5. Educates the customers.

- **Disadvantage of Advertising**

7. Less Persuasive.
8. High level of wastage.
9. Not targeted well.
10. Difficult to evaluate.
11. Little interactive.
12. Costly.

Classification of Advertising

- According to Geographical Spread

2. National Advertising..

3. Local Advertising..

4. Global Advertising..

- According to Target Group.

6. Consumer Advertising.

7. Industrial Advertising.

8. Trade Advertising.

9. Professional Advertising.

Types of Advertisement.

- Consumer oriented Or Persuasive Advertisement.
- Informative Advertising.
- Institutional or Corporate Advertising.
- Financial Advertising.
- Classified Advertising.

Sales Promotion

- According to Philip Kotler,
 - “Sales Promotion consist of diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of particular product or services by consumers or the trade.”
 - From the above definition one can understand the following characteristics of Sales Promotion
4. It is mostly short term in nature.
 5. Its only objective is to promote sales quickly.
 6. Sales promotion is done with channel partners as well as the customers.

Nature of Sales Promotion

- Encompasses all promotional activities and materials other than personal selling, advertising and publicity. Grown dramatically in the last ten years due to short term focus on profits.
- Funds are usually earmarked for advertising are transferred to sales promotion. Often used in conjunction with other promotional efforts.

Sales Promotion Opportunities and Limitations

- **Opportunities**
- Increase in sales by providing extra incentive to purchase. May focus on resellers ,consumers or both.
- Objectives must be consistent with promotional objectives and overall company objectives.
- Balance between short term sales increase and long term need for desired reputation and brand image.
- Attract customer traffic and maintain brand/company loyalty.
- Impulse purchases increased by displays
- Contests generate excitement esp. with high payoffs.

Limitations

- Consumers may just wait for the incentives
- May diminish image of the firm, represent decline in the product quality.
- Reduces profit margins, customers may stock up during the promotion.
- Shift focus away from the product itself to secondary factors, therefore no product differential advantage.

Sales Promotion

Type of Sales Promotion.

- Point of purchase.
- Contest.
- Sweepstakes.
- Coupons.
- Frequent Shoppers.
- Prizes.
- Demonstrations.
- Referral Gifts.
- 2 for prices of 1
- Samples.
- Premiums.
- Special Events.

- **Coupons:**
- Usually reduce the purchase price or offered as cash. Need to state the offer clearly and make it easy to recognize.
- **Demonstrations:**
- Excellent attention getters. Labor costs are usually high.
- **Frequent User Incentives:**
- Major airlines, helps foster customer loyalty to a specific company. Credit card companies. Trading stamps-Co-ops bank in England, foster retail loyalty.
- **Point of Purchase Display:**
- Outside signs, window displays, counter pieces, display racks. 90% of retailers believe that point of purchase materials sell products.
- Essential for product introductions. Also with 2/3 of purchasing decisions made in the store, they are important.
- **Free Samples:**
- Stimulate trial of product. Increase sales volume at the early stage of the **product life cycle** and obtain desirable distribution.
Most expensive sales promotion technique.
Not appropriate for mature products and slow turnover products.

- **Money Refunds/Rebates:**

- Submit proof of purchase and mail specific refund, usually need multiple purchase for refund. Helps promote trial use, due to the complexity of the refund, it has little impact. Customers have a poor perception of rebate offered products. Used extensively in the Auto and Computer industry.

- **Premium Items:**

- Offered free or at minimum cost as a bonus. Used to attract competitors customers, different sizes of established products.
Gas stations give free glasses--basics buy!! McDonalds premium items are considered collectors items by some!
Flintstones program last year with McDonalds.
Burger King with the Lion King movie
Last summer the following tie-in premium programs.

- **Cents-off Offer:**

- Strong incentive for trying a product-very similar to coupons, but are a part of the package.

- **Consumer Contests and Sweepstakes:**

- Consumers compete based on their analytical or creative skills. Must be accurate or you will anger customers/retailers.
Sweepstakes are prohibited in some states.

Sales Promotion

- Advantages of Sales Promotion.
 - It is often has eye catching appeal.
 - Themes and tools can be distinctive.
 - The consumer may receive something of value, such as coupons or free merchandise.
 - It helps to draw customer traffic and maintain loyalty to the retailer.
 - Impulse purchase are increased.
 - Customers can have fun, particularly with contests and demonstrations.

- **Direct Marketing:**

- In direct marketing the marketers communicate directly with the customers to sell their products. Traditionally its not included in Promotion Mix but now its becoming an important part of IMC (Integrated Marketing Communication).
- In direct marketing the main thing is not only have direct mailing to the customer but also database management, contact management, telemarketing, direct response, direct mail, direct email, shopping through company catalog list, and websites are also included.
- The most important thing in Direct Marketing is Direct Personal Response where manufacturers compel the customers to buy the products directly from them. Customer watches the ad on TV, or Newspaper and contacts the manufacturer for the product. Direct Mail used to be the primarily medium for the Direct Personal Response but now email, Internet, TVs has taken its place.
- Direct Marketing is very helpful for the people those have money and they don't have the time to go to the store and buy the thing. Direct Marketing provides them a way to directly contact the manufacturer and buy the thing at

- **Publicity:**

- Publicity is the important part of promotional mix. In publicity no payment is made to the publisher. Basically publicity is done in the form of:
 - Product Reviews
 - Discussions about the product in different forums
 - In local Events
 - News and Editorials
- Publicity is actually the type of non personal communication regarding the product or the service. Publicities do an important role to make the decisions of the people about any product because the one who is publicizing a product is not directly involved with the company. In publicity the product is directly criticized and/or appreciated.

- **Personal Selling:**

- In personal selling there is a direct contact between the buyer of the product and the seller of the product. Feedback is received very quickly and the seller can change the message according to the needs of the consumer. This is basically used in Business to Business models.

Personal Selling.

□ Personal Selling.

- Objective Of Personal Selling.
- Advantages Of Personal Selling.
- Disadvantages Of Personal Selling.

□ Publicity / Personal Relations.

Planning Retail Communication

1. Setting Objectives.
2. Determining Communication Budget.
3. Allocating the Budget.
4. Implementing and Evaluating the Budget.

Events

- A cardinal rule to be followed in store promotion is that there should always be some excitement or events happening in the store or there is a chance that consumer may forget the store – they have so many other attraction in the market. It is for the store manager to keep creating these exciting programmes revolving around his store so that consumers keep coming in hoards, when they came, the store has so much to offer that it convert them into buyers. Some examples of excitement creation are.
- KEMP Fort used to have a fashion show with local models every evening to get shoppers to the store before they went home from work.
- Cross word book store invites leading authors to talk their newly released book in the store. The book get sold in the large number on that day (authors normally autographs each buy) but the store traffic creates impulse buying.
- All the Pizza parlor run special ‘combo’ offer to attract families.
- Food bazaar has regular discount sales period.
- Retailers have special offers for frequent buyers or loyalty cards. Shopper Stop has regular campaign running on this.

Managing In store Promotion and Events

- **Types of In store Promotions.**

2. Price off Pack.
3. Premiums.
4. Self liquidating Premiums.
5. Personality promotions.
6. Completions.
7. Cooperative Promotions
8. Samplings.
9. Coupons.
10. Cash backs.
11. Multi Packs.
12. In store sales persons.

- **Price off Pack.**- “10 Rs off” printed on banded on the pack.
- **Premiums.**- Small gift either in, or occasionally attached to, the pack, e.g. plastic toys
- **Self liquidating Premiums.**- Cheap promotion primarily concerned with obtaining in store display. The customer right to supplier for the gift, enclosing pack tops plus money. The gifts are likely to be brought in bulk by the supplier, giving it the benefit of large discount, thus making the brought in unit price low enough to be covered by the profit on all extra sales made.
- **Personality promotions.**- Some manufacturer use TV personalities to promote their products, but their appeal may be declining because so many companies now use them. To avoid overexposure some firms now use personalities selectively, e.g. in certain part of country.

- **Competitions.-** These are often printed on the packs with advantage to the supplier that budget is known in advance, with the requisite number of prizes ordered from suppliers.
- **Cooperative Promotions –** For e.g. two or more branded products sharing (and funding) a joint in store promotion, e.g. garden peat and packet seeds.
- **Samplings.-** The giving away, often in store, of product sample, some times with demonstrator present,
- **Coupons.-** Price-off coupons is printed on the packs or in store hand outs, usually allowing a substantial saving on the next purchase of the brand. The effectiveness of this type of promotion can be significantly reduced if the store allow the coupons to be redeemed for quite different goods – this is called malredemption.
- **Cash backs.-** customer have to send pack tops back to the manufacturer and, although initially attractive, may be loath to in practice due to the hassle; this reduces the cost of promotion, as a result of low redemption.

- **Multi Packs.-** Two or more packs are attached and sold for a better price than buying the items singly. Occasionally a stretched version of the pack obviate the extra shelf space required. Popular in toiletries and drinks.
- **In store sales persons.-** an example would be demonstrator used in the electrical white goods market. To work well, probably there has to be a further inducement offered e.g reduce prices. This promotion is used selectively, normally in supermarkets, departmental stores and electrical goods store.