

CD2024 633EC RETAIL E CHANNEL MANAGEMENT

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Tips for the exam report

If you have the opportunity, it may be helpful to **compare different stores of the same network or competitor's stores**, in terms of:

- Location
- Format
- Assortment
- Pricing
- Sales assistance and post-sale customer care
- ...

Retail Management: A Strategic Approach

Thirteenth Edition, Global Edition



Retail Management

A Strategic Approach

THIRTEENTH EDITION

Barry Berman • Joel R. Evans • Patrali Chatterjee



Chapter 19 Promotional Strategy

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Elements of the Promotional Mix

- Advertising
- Public Relations
- Personal Selling
- Sales Promotion

Advertising

- **Paid, non personal communication transmitted through out-of-store mass media by an identified sponsor**
- Key aspects
 - **Paid** form
 - **Non-personal** presentation
 - **Out-of-store** mass media
 - Identified **sponsor**

Advertising Objectives for Retailers

- Lift **short-term** sales
- Increase customer **traffic**
- Develop and/or reinforce a **retail image**
- **Inform** customers about goods and services and/or company attributes
- **Ease the job** for sales personnel
- **Develop demand** for private brands

Advertising Characteristics

Advantages

- Attracts a **large audience**
- **Gains pass along readership** (for print) – WOM (e-WOM)
- **Low cost per contact**
- **Many alternatives** available
- **Control over message** content; message can be standardized
- **Message study** possible
- **Editorial content** surrounds ad
- **Self-service operations** possible because customer is informed

Disadvantages

- Standardized messages **lack flexibility**
- Some media require **large investments**
- Geographic flexibility limited
- Some media require **long lead time**
- Some media have **high throwaway rate**
- Some media limit the ability to provide detailed information

Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Daily Papers	Single community or entire metro area ; local editions may be available	All larger retailers
Weekly Papers	Typically, a single community ; may be a metro area	Retailers with a strictly local market
Shopper Papers	Most households in one community ; chain shoppers can cover a metro area	Neighborhood retailers and service businesses
Phone Directories	Geographic area or occupational field served by the directory	All types of goods and service-oriented retailers
Direct Mail	Controlled by the retailer	New and expanding firms, those using coupons or special offers, mail order

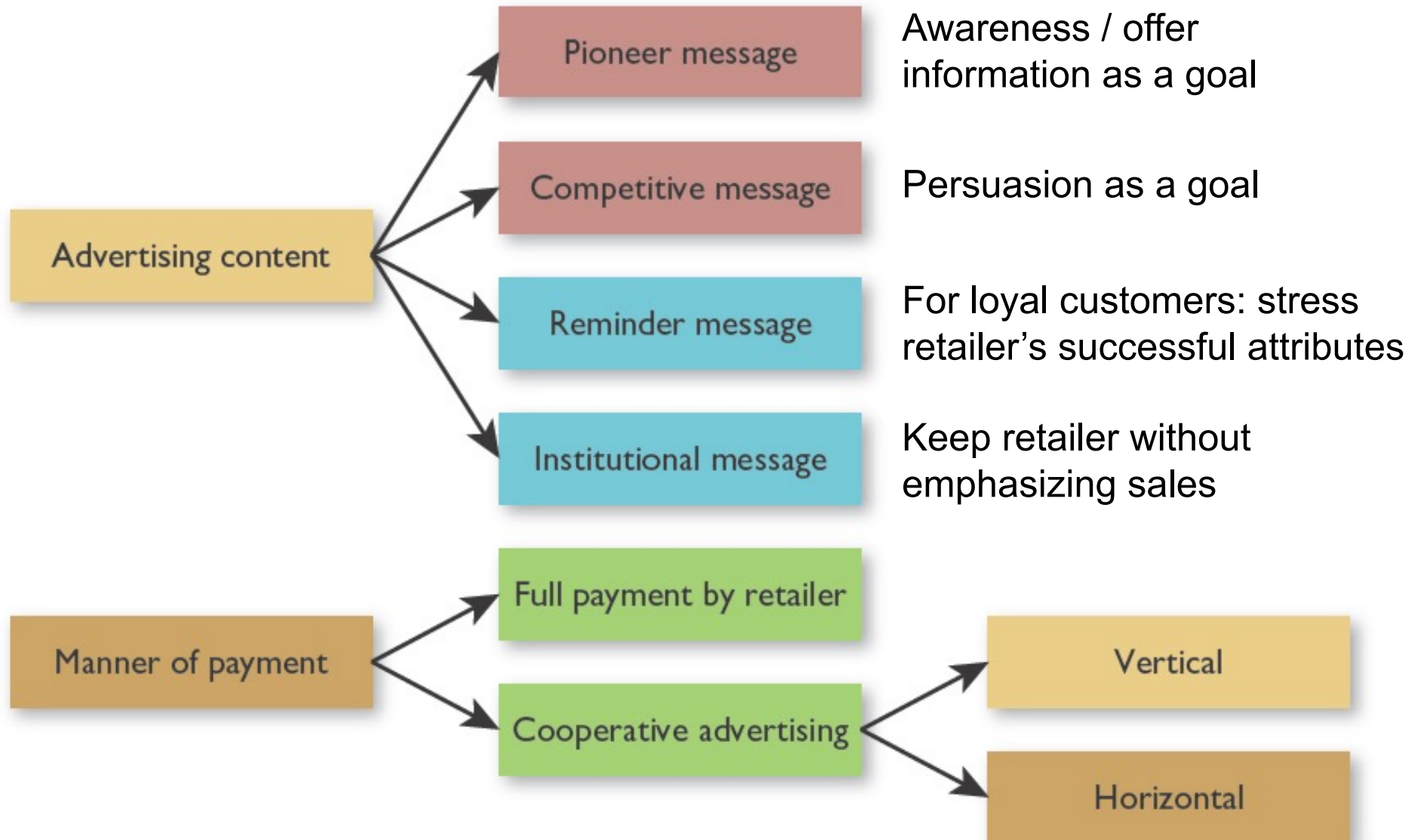
Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Radio	Definable market area surrounding the station	Retailers focusing on identifiable segments
TV	Definable market area surrounding the station	Retailers of goods and services with wide appeal
World Wide Web	Broad, even global	All types of goods and service-oriented retailers
Transit (i.e., on public transport)	Urban or metro community served by transit system	Retailers near transit routes , especially those appealing to commuters
Outdoor (i.e., billboards)	Entire metro area or single neighborhood	Amusement and tourist-oriented retailers, well-known firms (e.g., McDonald's)

Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Local Magazines	Entire metro area or region; zoned editions sometimes available	Restaurants, entertainment-oriented firms, specialty shops, mail-order firms
Flyers/ Circulars	Single neighborhood	Restaurants, dry cleaners, service stations, and other neighborhood firms
Social Media	Broad, even global	All types of goods and service-oriented retailers
Mobile in-app advertising	Local and geo-targeted areas, even global	All types of goods and service-oriented retailers

Types of Advertising



Planning a Cooperative Strategy

Two or more parties share costs and decision making

- **vertical cooperative advertising agreement:** manufacturer and a retailer or a wholesaler and a retailer share an ad (*e.g. Iphone commercial and phone service provider*)
 - **Retailer Advantages:** reduced ad costs, assistance in preparing ads, greater market coverage, and less planning time
 - **Retailer Disadvantages:** less control, flexibility, and distinctiveness
- **horizontal cooperative advertising agreement:** two or more retailers share an ad
 - most often used by small noncompeting retailers, retailers in a shopping center, and franchisees of a firm (*e.g., joint promotion between a movie theater and a restaurant*)

Public Relations

- **Public Relations** – Communication that fosters a favorable image for the retailer
 - Non personal or personal
 - Paid or nonpaid
 - Sponsor-controlled or not
- **Publicity** – Nonpersonal form of public relations whereby messages are transmitted by mass media. **The time or space provided by the media is not paid for, and there is no identified commercial sponsor**

Public Relations Objectives for Retailers

- **Increase awareness** of the retailer and its strategy mix
- Maintain or improve the **company image**
- Show the retailer as a contributor to the **public's quality of life**
- Demonstrate **innovativeness**
- Present a **favorable message in a highly believable manner**
- **Minimize total promotion costs**

Public Relations Characteristics

Advantages

- **No costs** for message's time or space
- **Mass audience** addressed
- **Carryover effects** possible (WOM, e-WOM)
- More **credible source**
- Image can be presented or enhanced
- **People pay more attention** than to clearly identified ads

Disadvantages

- Some retailers do not believe in spending on image-related communication
- **Little control over publicity message**
- More **suitable for short run**
- **Costs for PR staff, planning activities and events**

Personal Selling

Oral communication with one or more prospective customers for the purpose of making a sale, aiming to:

- **Persuade customers** to buy
- **Stimulate sales of impulse items** or products related to customers' basic purchases
- Complete customer transactions
- **Feed information back** to company decision makers
- Provide proper levels of **customer service**
- Improve and maintain **customer satisfaction**
- Create **awareness of items** also marketed through the Web, mail, and telemarketing

Tips for Retail Sales Personnel

- ✓ Have the right state of mind and exhibit extreme politeness.
- ✓ Be knowledgeable about product features, alternative suggestions, prices, company policies, and so on.
- ✓ Always greet the customer and make him or her feel comfortable in communicating with you. LISTEN to the customer.
- ✓ Tailor your sales approach to the individual customer and his or her needs.
- ✓ When appropriate, try to cross-sell related items.
- ✓ Do not be “pushy.”
- ✓ Be honest and ethical in all customer interactions.
- ✓ Never argue with the customer or lose your temper.
- ✓ If you interact with more than one customer at a time, make sure all customers see that you are fair with your attention to each one.
- ✓ Wrap merchandise carefully.
- ✓ Maintain the appearance of the department; clean up when necessary.
- ✓ Be pleasant when customers return products and make the experience as “hassle-free” as possible.

Personal Selling Characteristics

Advantages

- **Message can be adapted**
- **Many ways** to meet customer needs
- **High attention** span
- **Less waste**
- **Better response**
- **Immediate feedback**

Disadvantages

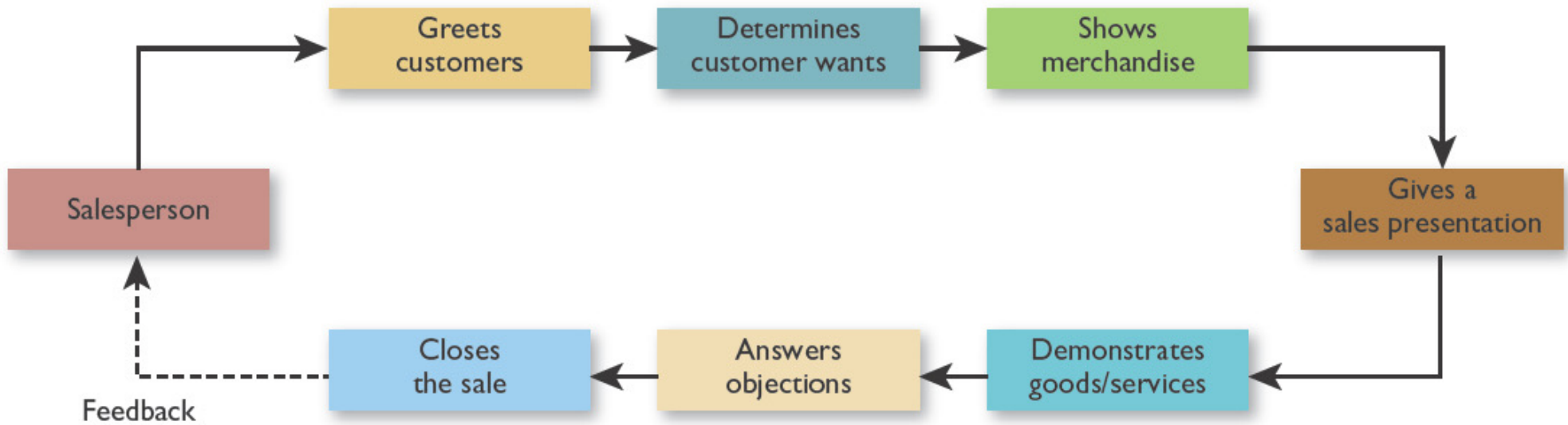
- **High costs**
- **Doesn't get customer in store**
- Customers' **self-service discouraged**
- **Limited number of customers** at one time

Types of Sales Positions

- **Order-taker:** performs routine and sales functions
 - setting up displays, stocking shelves, answering simple questions, and ringing up sales.
 - **This type of selling is most likely in stores that are strong in self-service but also have some personnel on the floor.**
- **Order-getter:** actively involved with informing and persuading customers and in closing sales
 - Order getters usually **sell higher-priced or complex items**, such as real-estate, autos, and consumer electronics.
 - They are **more skilled and better paid** than order takers

Typical Personal Selling Functions

Sales Promotion



Sales Promotion

Encompasses the paid communication activities other than advertising, public relations, and personal selling that stimulate consumer purchases and dealer effectiveness

- Displays
- Contests
- Coupons
- Frequent shopper programs
- Prizes
- Samples
- Demonstrations
- Referral gifts
- Other limited-time selling efforts

Sales Promotions Objectives for Retailers

- Increasing short-term sales volume
- Maintaining customer loyalty
- Emphasizing novelty
- Complementing other promotion tools

Sales Promotion Characteristics

Advantages

- **Eye-catching** appeal
- Distinctive **themes**
- Added customer **value**
- Draws customer **traffic**
- Maintains **loyalty**
- **Increases impulse purchases**
- **Fun** for customers

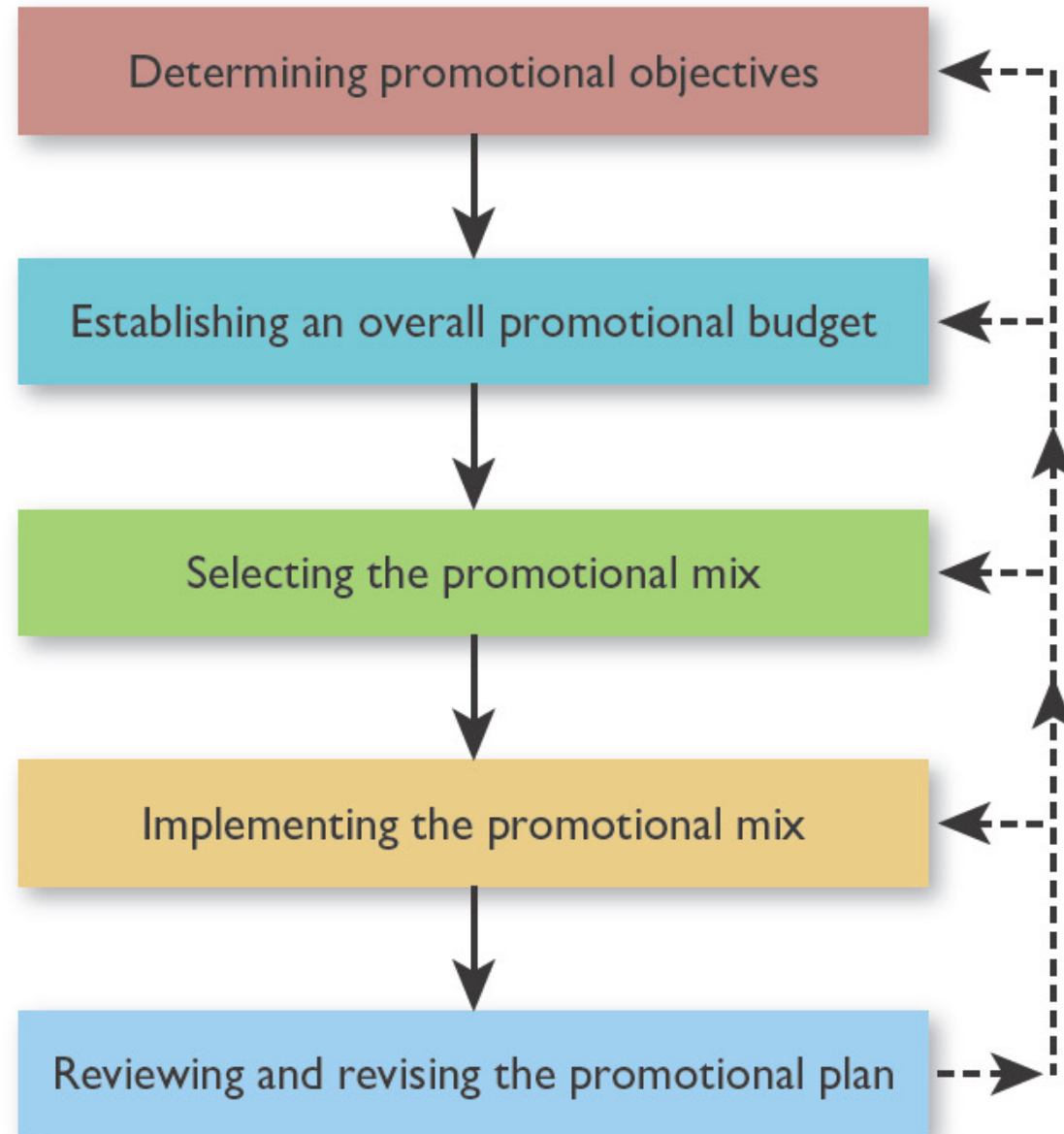
Disadvantages

- **Difficult to terminate**
- **Possible damage** to retailer's image (*e.g., Pepsi, where is my jet?*)
- More **stress on frivolous selling points**
- **Short-term effects only**
- Used as a **supplement**

Types of Sales Promotions

Type	Description
Point-of-purchase	Window, floor, and counter displays that allow a retailer to remind customers and stimulate impulse purchases. Sometimes, the displays are supplied by manufacturers.
Contests	Customers compete for prizes by completing a contest (game), such as a crossword puzzle, a slogan, or a football lottery. Winning is at least partially based on a correct answer (skill).
Sweepstakes	Similar to a contest, except that participants merely fill out application forms and the winner is picked at random (chance). No skill is involved. Direct-mail retailers use this tool quite often.
Coupons	Retailers advertise special discounts for customers who redeem advertised coupons. Customers clip coupons from print media or POP displays, and redeem them with the retailer.
Frequent shopper programs	Customers are given points or discounts based on the dollar amounts of their purchases. The points are accumulated to acquire goods or services.
Prizes	Similar to frequent shopper programs, except that the retailer gives prizes immediately, such as glasses, silverware, and others. Usually, one piece of a set is obtained with each purchase.
Samples	Free tastes or smells of items are given to customers.
Demonstrations	Products are shown cleaning up floors, mixing foods, and so on. Services are also demonstrated (e.g., judo instructions).
Referral gifts	Presents or gifts are given to current customers when they bring in new customers.
Matchbooks, pens, calendars, shopping bags, etc.	Items that contain the retailer's name are given to customers.
Special events	Include fashion shows, autograph sessions with book authors, art exhibits, and holiday activities (such as children's rides).

Planning a Retail Promotional Strategy



Promotional Objectives

- Increase **sales**
- Stimulate **impulse and reminder buying**
- Raise **customer traffic**
- Get **leads for sales personnel**
- Present and reinforce the **retailer image**
- **Inform customers** about goods and services
- **Popularize** new stores and Web sites
- Capitalize on manufacturer support
- Enhance **customer relations**
- Maintain **customer loyalty**
- Have consumers **pass on positive comments** (wom, e-wom)

Procedures for Setting a Promotional Budget

- **All-you-can-afford:** first allots funds for each element of the retail strategy mix except promotion. **The remaining funds go to promotion.** This is the weakest technique: **expenditures are not linked to goals, small conservative retailer**
- **Incremental:** A percentage is either added to or subtracted from one year's budget to determine the budget for next year. **Useful for a small retailer because it provides a reference point.**
- **Competitive parity:** budget is raised or lowered based on competitors' actions. **Used by large firms is imitative and conservative, safe but not innovative.**
- **Percentage-of-sales:** a retailer ties its promotion budget to revenue. **Provides excess financing in times of high sales and too few funds in periods of low sales**
- **Objective-and-task:** a retailer clearly defines its promotion goals and prepares a budget to satisfy them. **The best but most complex.**

Selecting Promotion Mix and The Hierarchy of Effects

