

IMC

Integrated Marketing Communications



Digital Notes

Unit-1

Understanding Integrated Marketing Communication

Integrated Marketing Communication

Integrated marketing communication refers to integrating all the methods of brand promotion to promote a particular product or service among target customers. In integrated marketing communication, all aspects of marketing communication work together for increased sales and maximum cost effectiveness.

IMC planning process



There are typically six steps in the IMC planning process. Each are important in their own right and can be applied to practically any business or organization, no matter the size or industry. While your plan might utilize each marketing communications function differently, the overall idea remains the same.

Below are the major steps to keep in mind when developing your IMC strategy.

Step 1: Know your target audience

As a general rule, there is no “general audience”. You always want to communicate with a specific audience to make the most effective use of your resources.

Segmenting specific audiences into groups based on characteristics will help you identify who are most likely to purchase or utilize your products and services.

Step 2: Develop a situation analysis

Commonly referred to as a SWOT Analysis, this is basically a structured method of evaluating the internal strengths and weaknesses, and external opportunities and threats that can impact your brand.

A situation analysis can provide much insight into both internal and external conditions that can lead to a more effective marketing communications strategy.

Step 3: Determining marketing communication objectives

In this step, you basically want to document what you want to accomplish with your IMC strategy. Objectives should be measurable if you truly want to map your campaign’s effectiveness at the end of your plan’s term.

Step 4: Determining your budget

Having a realistic idea on what you have to work with is important as it will shape the tactics you develop in the next step. Once you determine your overall budget, you will want to come back to this after completing step five to further refine your budget allocations.

Step 5: Strategies and tactics

Looking back at the objectives you created in step three, you will want to develop strategies which are ideas on how you will accomplish those objectives. Tactics are specific actions on how you plan to execute a strategy.

Step 6: Evaluation and measurement

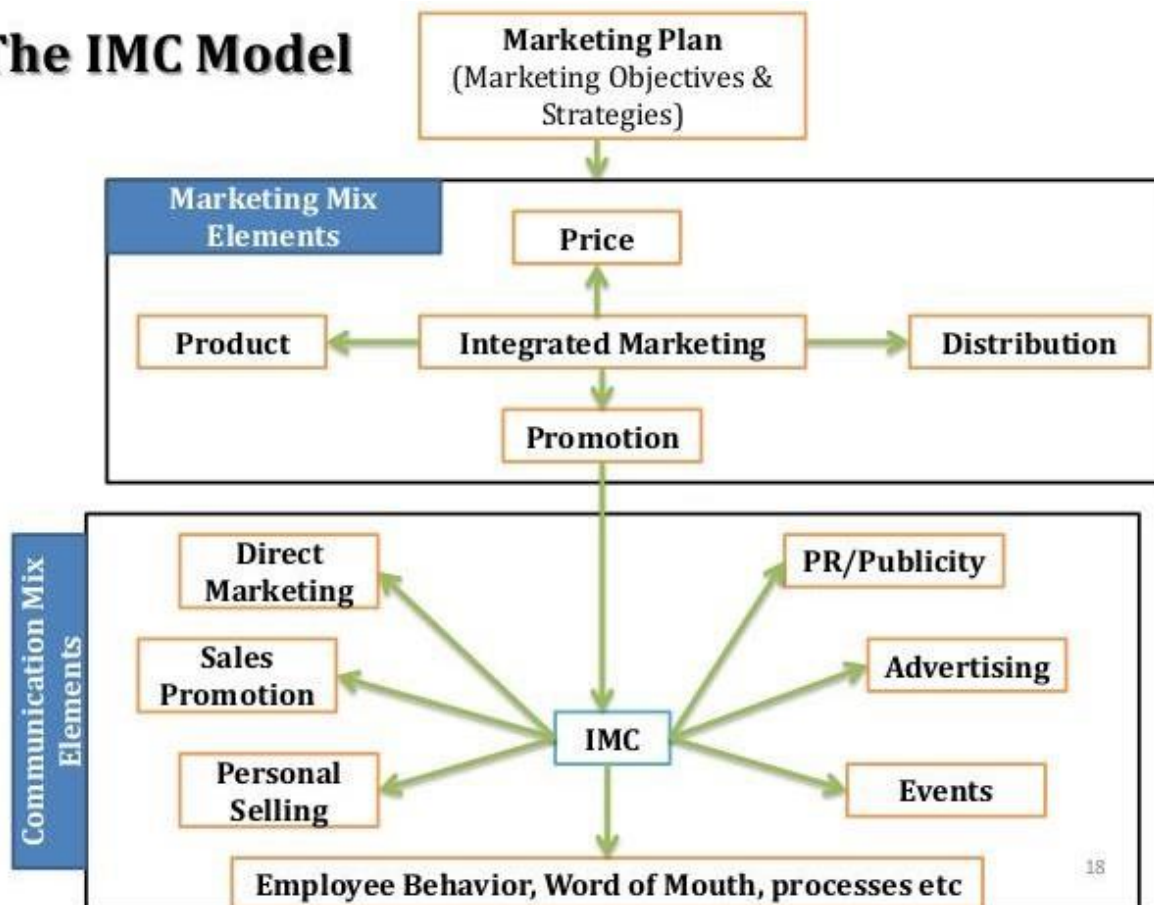
Almost as important as the plan as a whole, you want to outline a method of how you will evaluate the effectiveness of your IMC strategy. Sometimes elements of your plan will not work.

It's important to know what did or didn't, try to understand why, and make note for future planning.

The more focused on how you will utilize your resources for promoting your business, the more you will understand where your money is going and how it's performing. An IMC strategy is important for any business or organization.

Integrated marketing communication as an integral part of marketing

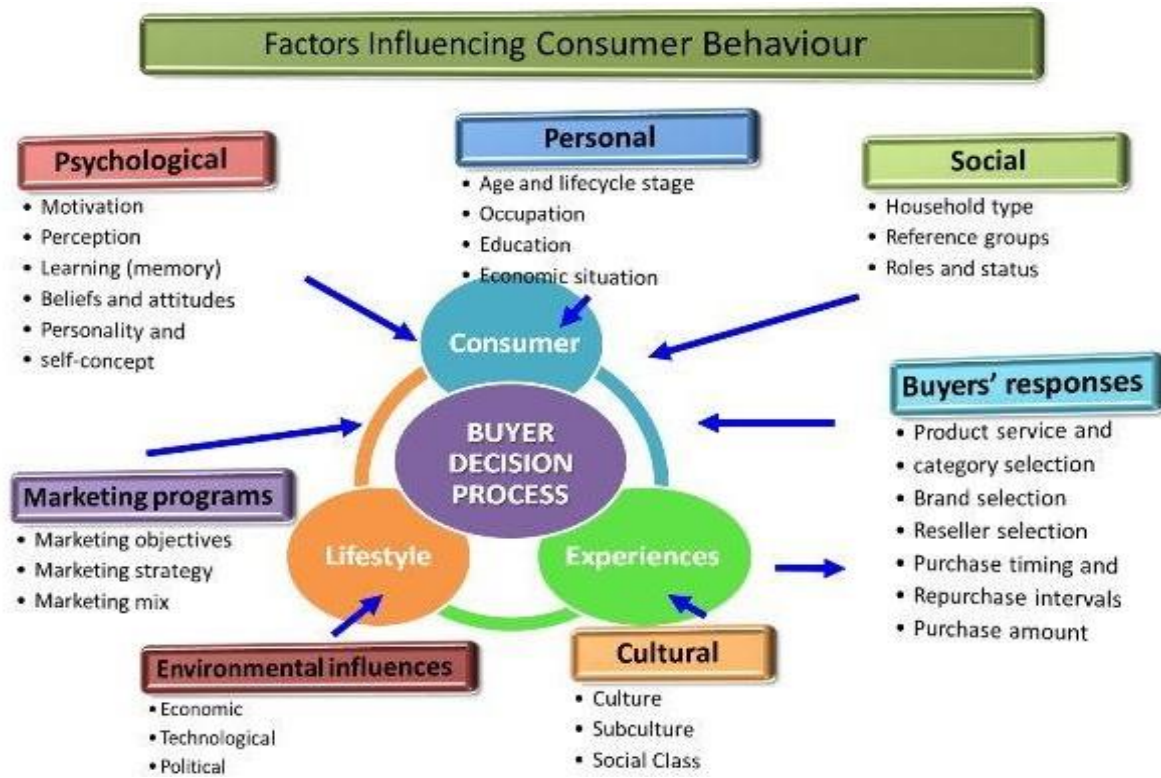
The IMC Model



Understanding consumer behavior

Buyer or Consumer behavior is the study of when, why, how, and where people do or do not buy product. It blends elements from psychology, sociology, social anthropology and economics. It

attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. It also include study of buyer Demographic Factors. Sex, Race, Age etc. Study of "Who in the family is responsible for the decision making". Young people purchase things for different reasons than older people.



Understanding communication process

Response Hierarchy Models

The Response Hierarchy Models explains the consumer responses and behaviour to the advertising process. The Models provide a complete understanding of the responses of a customer through all stages of his path from unaware of the product to the purchase action.

The article throws light on the five main Models of Response Hierarchy that explain the consumer behaviour across three awareness stages- Cognitive Stage, Affective Stage and Behavioral Stage. The five Response Hierarchy Models are as follows

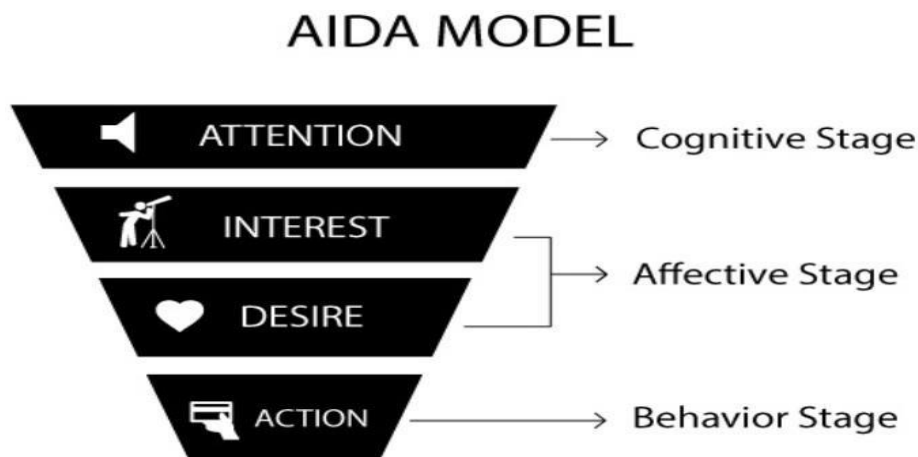
- AIDA Model
- Hierarchy-of-Effects Model
- Innovation-Adoption Model
- Information Processing Model and
- Operational Model

Stages	AIDA Model	Hierarchy-of-Effects Model	Innovation-Adoption Model	Information Processing Model	Operational Model
Cognitive Stage	Attention ↓	Awareness ↓ Knowledge	Awareness ↓	Presentation ↓ Attention ↓ Comprehension	Non-Evaluative Thinking ↓
Affective Stage	Interest ↓ Desire	Liking ↓ Preference ↓ Conviction	Interest ↓ Evaluation	Yielding ↓ Retention	Evaluative Thinking ↓
Behavior Stage	Action	Purchase	Trial ↓ Adoption	Behavior	Action

1. AIDA MODEL

The phrase **AIDA** stands for **A**ttention, **I**nterest, **D**esire, and **A**ction. The AIDA model is used in advertising to define the stages that exist from the time when the consumer first becomes aware

of the product or the brand to when the consumer purchases a product. The AIDA model is one of the most established models amongst all the Response Hierarchy Models. The organisations employ the AIDA Model to obtain the necessary response from the targeted consumers through advertisements. This model can be operated successfully to stimulate the different emotions of the customers.



ATTENTION

This is the awareness stage of the model where the consumer becomes aware of a brand or a product mostly through advertisements.

INTEREST

This is the stage when the consumer shows some interest in the product after understanding its benefits and learns how well the product actually fits into his lifestyle.

DESIRE

This is the third stage of the AIDA model when the consumer desires to own the product. He develops a favorable disposition towards the product.

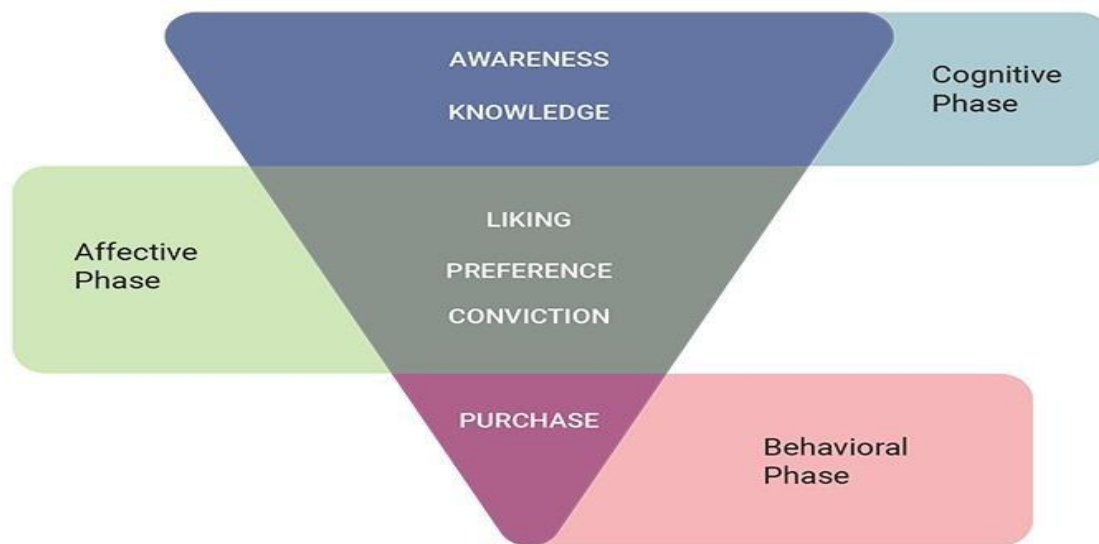
ACTION

This is the final step of the model where the consumer finally takes favorable to satiate his desire. In this stage, he takes a purchase decision and buys the product that is being advertised.

In the AIDA model, the awareness of a brand or a product takes place in the Cognitive stage, the potential consumers develop an interest and desire to purchase the product in the Affective stage, and the purchase action actually materializes in the last stage called the Behavior stage.

2. HIERARCHY-OF-EFFECTS MODEL

Hierarchy of effects model was designed by Robert J Lavidge and Gary A Steiner in 1961. This advertising communication model describes that there are 6 phases from the phase where the customer views the product to the purchase phase. The job of an advertisement is to prompt the customer to endure all the six stages of the Hierarchy-of-Effects Model, namely the **A**wareness, **K**nowledge, **L**iking, **P**reference, **C**onviction, and **P**urchase.



AWARENESS

This is the elementary stage of the model when the customer becomes aware of the product or a brand. This is a very crucial step, as there is no surety about the customer's viewership or the awareness of the product. Consumers may view various advertisements, but the chance of a customer registering the advertisement in his mind depends upon the intensity and the impact your advertisement made on the target consumers.

KNOWLEDGE

The customer starts collecting the required information about the product in this phase. He slowly tries to understand the benefits associated with the product through the internet, retail advisors or through people who have already used the product. Consumers may easily switch to

the competitors brand when they are unable to collect the required information. Therefore, it is the responsibility of the advertiser to make sure that the product information is easily available.

LIKING

This is a stage when the customer develops a liking for the product. Here the advertiser's responsibility is to highlight the product features to further promote the brand or a product.

PREFERENCE

This is the fourth phase of the Hierarchy-of-Effects Model. During this phase, the customer is clear about the product qualifications and he is sure about his brand choices. Here the advertisers need to constantly reinforce the positive aspects of their brand.

CONVICTION

In this stage, the customer would have made up his mind to buy the product. The advertiser's responsibility here is to guide the customers to choose their brand.

PURCHASE

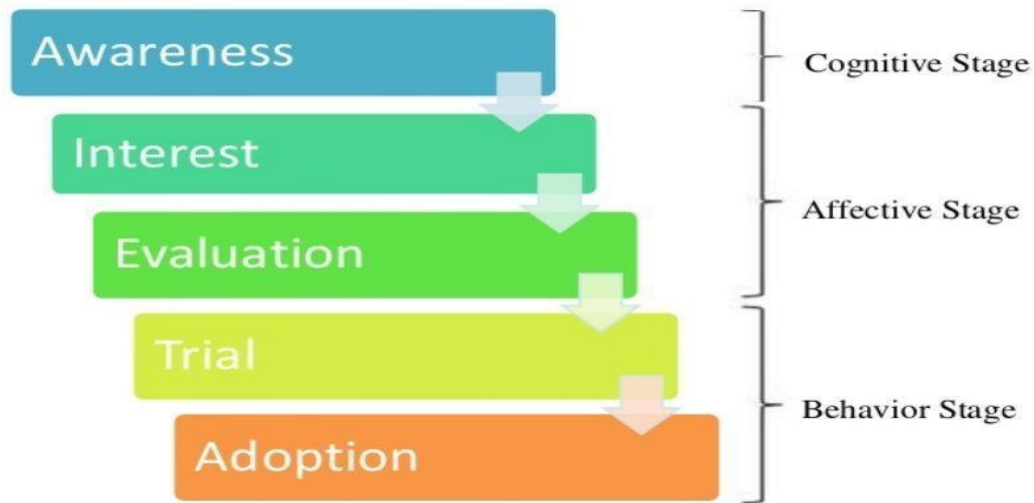
This is the last stage of the hierarchy of effects model in which the actual purchase of the product takes place.

In the Hierarchy-of-Effects model, the awareness and the knowledge phases fall under the Cognitive stage. Evaluation of the customer liking, preference, and conviction fall under the Affective stage and the actual purchase behaviour takes place in the Behavioral stage.

3. INNOVATION-ADOPTION MODEL

Innovation-Adoption Model was developed by Rogers in 1995. He postulated various stages in which a target customer sails through from the stage of incognizance to purchase. The 5 stages of the Innovation-Adoption Model are Awareness, Interest, Evaluation, Trial, and Adoption.

Innovation-Adoption Model



AWARENESS

This is the primary stage of Innovation-Adoption Model. takes action is the awareness stage of the model where the consumer becomes aware of a brand or a product mostly through advertisements.

INTEREST

This is the second phase of the Innovation-Adoption Model. This is a stage in which the information about the brand or a product multiplies in the market and triggers the interest of the potential buyers of the product to gain more knowledge and information about the product.

EVALUATION

Evaluation is the third stage of the Innovation-Adoption Model that supplements the necessary information regarding the product to the consumers. In this stage, the consumers evaluate and try to gain a deeper understanding of the product that stimulated interest in them.

TRIAL

In this stage, the customers try the product before making the final choice to purchase the product.

ADOPTION

Adoption is the final stage of the Innovation-Evaluation Model. In this stage, the customer accepts the product, makes a purchase decision and finally purchases the product.

In the Innovation-Evaluation Model, the Awareness happens at the Cognitive Stage, developing an interest and evaluation phases fall under the conviction phase, and the trial of the product and the actual adoption fall in the Behavioral phase.

4. INFORMATION-PROCESSING MODEL

The Information-Processing Model is a structure used by cognitive psychologists to define the mental processes. This model links the human thought process to the computer functions. It signifies that the human mind, like the computer takes in information, organizes, and stores the information to be repossessed later. It claims that just like the computer possesses an input device, a processing unit, a storage unit, and an output device, the human mind also has a parallel framework. The Information-Processing Model comprises of 6 stages namely the **P**resentation, **A**ttention, **C**omprehension, **Y**ielding, **R**etention and the **B**ehavioral stage.

PRESENTATION

The presentation is the fundamental stage in the Information-Processing Model. This is the awareness phase where the consumer becomes aware of his needs and seeks a product to satiate his needs.

ATTENTION

This is the second stage of the Information-Processing Model, where the product seizes the attention of the potential customers.

COMPREHENSION

In this stage of the Information-Processing Model, the consumer compares and evaluates various products of different brands accessible in the market to ascertain the product that actually meets his requirement.

YIELDING

This is a stage in which the customer figures out what exactly he wants and the brand and its product that balances his needs to its specifications.

RETENTION

This is the fifth stage in the Information-Processing Model. This is the stage in which the customer remembers the key features and attributes, the benefits and all the positive aspects of the products that he is seeking to purchase.

BEHAVIOR

This is the last stage of the Information-Processing Model in which the purchase action of a product of a particular brand takes place.

In the Information-Processing Model, the Presentation, Attention and Comprehension take place in the Cognitive stage, Yielding and Retention of information fall under the Affective stage, and the final Behavioral action takes place in the Behavioral stage.

5. OPERATIONAL MODEL

Operational Model is a strategic framework that works by three activities namely the Non-Evaluative Thinking, Evaluative Thinking, and Action.

NON-EVALUATIVE THINKING

This is the first stage of the Operational Model. In this stage, the consumers are exposed to the different brands and the multiple products that they offer. This is the awareness stage which creates awareness among the potential consumers.

EVALUATIVE THINKING

Evaluative thinking is the second stage of the operational model. This is an evaluation phase wherein the potential customers evaluate different products and juggle the same with similar products of various brands to make that one choice amongst the various alternatives available.

ACTION

The action is the last stage in the Operational Model. This is a stage wherein a consumer makes the final purchase decision and purchases the product.

In the Operational Model, Non-Evaluative thinking takes place in the Cognitive Stage, Evaluative Thinking falls under the Affective Stage, and the Action falls under the Behavioral Stage.

Nonetheless, we can conclude that irrespective of the type, character or the description of the models, the first stage of all of the above models is the awareness phase, followed by

comprehension. Unless awareness is created and comprehension is developed, the message cannot be reinforced. Thorough understanding of these effects in relation to developing a strategic framework is crucial!

Communication mix

A marketing communications mix is the same as a promotion mix and is just another term for promotion mix. There are five marketing communications to put into the mix: Advertising, Sales Promotion, Public Relations, Personal Selling, and Direct Marketing. This basically all boils down to a mix of promotional efforts to bring in sales and increase brand equity.

Advertising

Any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor.

In a paid, indirect way, customers are informed about products and services via television and radio. One of the most popular forms of advertising is public relations, which makes it possible for a company's product and service information to be easily communicated to a large target audience with little effort on their part.

We are all aware of the influence of advertising on our purchasing decisions. Broadcast advertising, or ATL, is the most common type of advertising, while direct response advertising, or BTL, uses print and digital media (out of home advertising).

Market leaders depend heavily on advertising. Advertising is more likely to be used by companies with deep pockets or a large number of competitors in the market. As well as being unique, the advertising message itself must also be so. Advertising messages that are unique and compelling have a stronger connection with their target audience than those that are not.

Personal selling

Personal selling refers to personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.

When salesmen approach prospective customers directly to explain the products and services they offer, this is the traditional method of marketing communication. You can communicate directly either verbally (face to face) or in writing (via emails and text messages) and it is considered one of the most reliable modes of communication.

When it comes to converting a lead into a prospect, and ultimately a paying customer, personal selling is the second most popular method of doing so. Today, many large corporations and even smaller businesses are focusing on personal selling.

An employee of the company's marketing department will often be present in a branded retail outlet when you enter it. Having their own brand promoter on staff ensures that the customer will receive more attention from the company. Because the company's salesman has been hired specifically, he'll also have a better understanding of its product and its competitors' products.

Sales promotion

Sales promotion refers to short-term incentives to encourage the purchase or sale of a product or service.

Several short-term incentives are included in the sales promotion in order to persuade customers to initiate the purchase of goods and services. Sales promotion tools include rebates, discounts, paybacks, Buy-one-get-one-free schemes, coupons, and more. According to the industry, there are many different ways to run sales promotions and many different tips and tactics.

For consumer durables, free services and value addition (free installation) outperform trade discounts in the FMCG(Fast moving Consumer Goods) sector.

Sales promotion also involves giving the consumer a reason to buy the product, in the form of a discount. Also included may be the provision of incentives for dealers and distributors to help move the product. Sales promotion has lower costs and requires less capital because it gets the product moving.

Increasingly, sales promotions are used as a marketing tool, especially with the rise of E-commerce and online sales. As if on cue, you'll see a 'Online Sale' every other day, where customers can buy impulsively. On-line retailers can move huge quantities of products across the country or region they are selling in because of a temporary discount.

Public relation

People talk about your products or services when you use public relations, because it creates a buzz and encourages others to do the same. In the days leading up to the release of a movie or the launch of an upcoming product, news about the movie or product is published in the newspapers.

The same is true for public relations. Since its inception, social media has grown to become one of the most important platforms for public relations campaigns. You'll see a lot of news about what's trending.

The same goes for press conferences, face-to-face interactions with consumers, newspaper advertorials, and community involvement. In spite of this, digital marketing is used by large and small businesses alike because it helps the brand reach its target audience.

PR turns brand messages into stories that appeal to the media and target audiences by turning them into compelling stories. News, strategies, and campaigns are amplified through partnerships with newspapers, journalists, and other relevant organisations to create a positive view of the company.

As part of the communications mix, public relations plays a vital role. As a result, a strong brand image can be built, and a brand can release information slowly, keeping the public's attention.

In order to create a positive brand image in the market, the companies engage in a number of social activities. Activities that companies undertake, such as building public restrooms, donating some of their purchases to child education, and organising blood donation camps are examples of this.

Direct Marketing

Emails, faxes, and mobile phones are used by the companies to communicate directly with prospective customers without involving a third party in the process, thanks to the technology. In the last few years, digital marketing has been putting a lot of pressure on television and newspaper ads. To date in 2016, digital marketing has nearly surpassed television advertising in terms of spending, and is the most popular form of advertising among all media.

Because digital advertising is accessible to even small businesses and less expensive than traditional television advertising means that even smaller businesses can participate. As a result, digital advertising generates much more revenue than television or radio or newspaper. In spite of this, digital marketing is used by large and small businesses alike because it helps the brand reach its target audience.

The personal connection that the brand makes with the consumer is the key attraction of digital marketing. Social marketing allows brands to enter your private space, such as your email box, your Facebook wall, or your Twitter feed. Brands that execute successful campaigns can actually walk away with a large number of digital followers as a result of their efforts.



Unit-2

Marketing Communication Mix

Execution on online

1. Native Advertising

This term is associated with a less conventional type of online advertising. It uses a strategy which shies away from banner ads or sponsored content in an attempt to gain a user's trust by offering them solutions to their problems. There are many tools you can use but the easiest one is creating a blog. In your blog, talk about topics related to your sector, but don't just advertise. Include something useful and interesting for your users. From there, using SEO, email marketing, and lead nurturing, you can successfully offer the right content according to the stage of the sales funnel potential clients are in. The best thing about native advertising is that it is not intrusive and therefore, it's more highly valued by both the general public and people who use ad blockers.

2. SEM (Search Engine Marketing)

With this type of campaign, the goal is to achieve increased brand awareness in a very short time. All it takes is an ad with a title, a description, and a call to action (make sure to rely heavily on the use of keywords). Depending on the quality of the website and the established CPC, the ad will be shown when users type your preselected keywords into a search engine. In this case, a bid (usually) based on CPC is established.

3. Display Advertising

Among the more visual online advertising formats are display ads. They are called 'display ads' because they generally contain images or videos and are published in designated places within any given website, like a blog.

4. Mobile Advertising

Although there are different types of mobile advertising, all advertising campaigns should be adapted to mobile platforms, or at least follow a responsive typology which allows pages to be formatted to the size of any given screen. Nowadays, everyone has a phone and/or a tablet that they constantly use. In fact, Google has said that since 2016 mobile traffic has surpassed that of

desktop computers. So if you're still not investing in mobile platforms, it's time to take the plunge. Not only will you get better reach and an improved user interaction but, you'll also improve your SEO through Google's Mobile First algorithm in ads you show on your own website.

5. Retargeting and Remarketing

Reminding repeat customers or users who have shown interest in your company, is a solid strategy for making conversions. Remarketing makes your banner appear on whichever website people who previously visited your site go to after (provided that these sites offer remarketing spaces). These types of ads are good for making sales and raising brand awareness, which emphasizes a company's presence within the consumer's buying process.

6. Email Marketing

Email marketing isn't anything new but it has resurfaced with a renewed efficacy. This type of campaign yields high conversions. Thanks to the many automation tools available, you can get highly profitable conversion. If you consider that getting a new client it is over 7 times more expensive than maintaining a current one, you can be sure that email marketing is a good idea.

Execution of advertising on television

Step 1 - Briefing: the advertiser needs to brief about the product or the service which has to be advertised and doing the SWOT analysis of the company and the product.

Step 2 - Knowing the Objective: one should first know the objective or the purpose of advertising. i.e. what message is to be delivered to the audience?

Step 3 - Research: this step involves finding out the market behavior, knowing the competitors, what type of advertising they are using, what is the response of the consumers, availability of the resources needed in the process, etc.

Step 4 - Target Audience: the next step is to identify the target consumers most likely to buy the product. The target should be appropriately identified without any confusion. For e.g. if the product is a health drink for growing kids, then the target customers will be the parents who are going to buy it and not the kids who are going to drink it.

Step 5 - Media Selection: now that the target audience is identified, one should select an appropriate media for advertising so that the customers who are to be informed about the product and are willing to buy are successfully reached.

Step 6 - Setting the Budget: then the advertising budget has to be planned so that there is no short of funds or excess of funds during the process of advertising and also there are no losses to the company.

Step 7 - Designing and Creating the Ad: first the design that is the outline of ad on papers is made by the copywriters of the agency, then the actual creation of ad is done with help of the art directors and the creative personnel of the agency.

Step 8 - Perfection: then the created ad is re-examined and the ad is redefined to make it perfect to enter the market.

Step 9 - Place and Time of Ad: the next step is to decide where and when the ad will be shown.

The place will be decided according to the target customers where the ad is most visible clearly to them. The finalization of time on which the ad will be telecasted or shown on the selected media will be done by the traffic department of the agency.

Step 10 - Execution: finally the advertise is released with perfect creation, perfect placement and perfect timing in the market.

Step 11 - Performance: the last step is to judge the performance of the ad in terms of the response from the customers, whether they are satisfied with the ad and the product, did the ad reached all the targeted people, was the advertise capable enough to compete with the other players, etc. Every point is studied properly and changes are made, if any.

If these steps are followed properly then there has to be a successful beginning for the product in the market.

Getting big idea of creativity

1. Mind Mapping/Brainstorming

One of the timeless classics is mind mapping or brainstorming, which is the little black dress of idea generation; it never goes out of fashion. It almost feels wrong to walk into an agency and not see some form of mind map on a whiteboard somewhere.

The key to mind mapping is to take note of every idea that comes up. Don't neglect anything, no matter how far-fetched it may seem. Save the critical selection process for later. Generate as many ideas as possible; the more you jot down, the bigger chance of finding that golden ticket idea.

The end result will be much easier to visualize, compared to a static list.

When it comes to a brainstorm – the more brains, the more ideas! But it can be hard to manage larger groups of people without going off-piste and wasting time. This is where the Charette Procedure comes into play as a super-useful way to manage more brains. This approach works by organizing your attendees into smaller groups, and then assigning a topic to each of those groups. You can then switch the topics and collate all the ideas at the end. This approach can also help shy members of the group pitch in, as they're not in a room with 20 (or more) other people.

2. The Checklist

Young children are amazingly creative. Their curiosity, imagination and thirst for knowledge seem boundless. They ask questions about everything because practically everything is new to them. If you've ever played the 'Why?' game with a kid, you'll know exactly what I'm talking about. It's infuriating, yet surprisingly enlightening.

As we get older, we tend to stop asking so many questions. We accept a lot more, because it's all been explained to us before. Perhaps it's because of this, that adults are stereotypically perceived as having very little imagination.

Maybe if we asked more questions, our content might be a little bit more imaginative. This is where the checklist technique can help. This is essentially a list of questions that you should ask yourself before beginning your work.

Alex Osborn, who is often coined as the father of brainstorming, established around 75 creative questions to help encourage ideas in his fantastic book, *Applied Imagination*. It's well worth a read if you can get hold of it, but to give you a head start, there are six universal questions that can be asked:

- Why?
- Where?
- When?
- Who?
- What?
- How?

Ask yourself these questions (in some form) every time you create content, and chances are you'll come up with some pretty interesting answers. At the very least it will give you more in-depth information about your initial idea, before establishing if it's worth using in your content strategy.

3. Six Thinking Hats

(Disclaimer: This is a technique that could prove potentially confusing to all the SEOs out there, as a few may be a bit weary at the prospect of wearing a black hat)

Developed by Edward de Bono in the early 80s, this popular technique is now used by businesses all over the world. They involve putting on a selection of metaphorical hats when it comes to making a decision. Each hat represents a different direction of thinking.

- White Hat – Facts – data and information already known or needed relating to the theme
- Red Hat – Emotions – looks at feelings, initial instinct and intuition
- Black Hat – Judgment, Caution – looks at potential problems and difficulties
- Yellow Hat – Logic – looks at benefits and values

- Green Hat – Creativity – possibilities, new ideas and alternatives
- Blue Hat – Control – looks at managing the process – start with a focus, then detail the next steps, actions and plans

4. Lateral Thinking

Another term coined by Dr. de Bono, involves looking at your situation in a different way. The simplest answer is not always right. We solve most problems in a linear fashion, i.e. if something happens it must have been... because of....

We take a step-by-step approach to finding our answers. De Bono encouraged others to look at their situation differently, to step sideways for a second if you will. This allows people to re-examine their predicament from a much more creative point of view.

Say for example you have a client who sells tractors. If you were thinking in a linear fashion, you may feel the need to create content about how great tractors are because you need to sell tractors. Thinking about things laterally though opens up a world of possibilities. Try looking at the bigger picture.

Tractors are a key component of farming, farming produces food and resources. Farms also house animals. A popular children's rhyme about farm animals is Old McDonald, you may wonder how that rhyme came to be. Why not create creative content around the origin of that rhyme?

That's just a (very) basic example, but you can clearly see how lateral thinking can be used to help inspire you.

5. Random Word Generation

I love this technique. Simply pick two random words and try and tie your content to it in the most imaginative way possible. Simple as that.

The real fun part is how you choose to come up with the words. You could use an online generator; you could flick through a dictionary; or you could write words on a bunch of plastic

balls, throw them into the air, and then choose the words on the first two balls you catch. Have fun.

6. Word Association

Similar to random word association, this method is a little more on the creative side of the spectrum. However, it does allow you to uncover new connections and insights that you wouldn't normally think of.

Get started by choosing a word that's associated with your business. Next, think of as many words associated with the initial word and see if you can make a connection between them that fits in with what your business offers.

It can sometimes be a little tricky to make the connection between the words you've selected, but after a few attempts, the ideas should start to flow.

So for example you might have made the connection between technology, to hardware, to Apple (brand), to fruit. These associated words can be the inspiration for potential ideas, so take the time to mind map ideas based on such associated words.

You may reject a high number of ideas with this method, although allowing the brain to think less logically can in contrast produce great results.

7. Picture Association

If you're truly stuck for ideas, perform an image search on your topic of choice, pick a random photo. Work backwards from the picture, developing a story around how the photo was taken.

As the old adage states: "A picture is worth a thousand words", so why not use images to your advantage in order to come up with your content ideas?

This is another simple yet effective method that allows you to think more visually and creatively, compared to writing lists. Think about what the images convey and see if you can work these ideas into your content.

For example, if you see a picture of a dog looking up at the night sky, ask yourself what it could be thinking. Is it a stargazing dog? Does that dog secretly long to be an astronaut? Perhaps a story about a space dog would be awesome! In fact, a space dog would make a great mascot for any business so we could look at the best business mascots. So on and so forth.

8. Change Perspective

This can often be hard to do but try putting yourself in other people's shoes. Sometimes you can get too attached to your own work, I know I always do it. You may be too close to notice that there are faults visible from afar.

Share your ideas with others and get a fresh pair of eyes to look at your work. Encourage constructive criticism, you don't have to take it all on board, but it may offer up some seriously beneficial observations.

Direct marketing

Email marketing

Sending marketing messages through email or email marketing is one of the most widely used direct-marketing methods. One reason for email marketing's popularity is that it is relatively inexpensive to design, test, and send an email message. It also allows marketers to deliver messages around the clock, and to accurately measure responses.

Online tools

With the expansion of digital technology and tools, direct marketing is increasingly taking place through online channels. Most online advertising is delivered to a focused group of customers and has a trackable response.

- *Display Ads* are interactive ads that appear on the Web next to content on Web pages or Web services. Formats include static banners, pop ups, videos, and floating units. Customers can click on the ad to respond directly to the message or to find more detailed information. According to research by EMarketer, expenditures on online display ads rose 24.5% between 2010 and 2011.^[21]

- *Search*: 49% of US spending on Internet ads goes to search, in which advertisers pay for prominent placement among listings in search engines whenever a potential customer enters a relevant search term, allowing ads to be delivered to customers based upon their already-indicated search criteria.^[22] This paid placement industry generates more than \$10 billion for search companies. Marketers also use search engine optimization to drive traffic to their sites.
- *Social Media Sites*, such as Facebook and Twitter, also provide opportunities for direct marketers to communicate directly with customers by creating content to which customers can respond.

Mobile

Through mobile marketing, marketers engage with prospective customers and donors in an interactive manner through a mobile device or network, such as a cellphone, smartphone, or tablet. Types of mobile marketing messages include: *SMS* (short message service)—marketing communications are sent in the form of text messages, also known as texting. *MMS* (multi-media message service)—marketing communications are sent in the form of media messages.

The Federal Telephone Consumers Protection Act made it illegal to contact an individual via cell phone without prior express written consent for all telephone calls using an automatic telephone dialing system or a prerecorded voice to deliver a telemarketing message to wireless numbers and residential lines. An existing business relationship does not provide an exception to this requirement.

Mobile Applications: Smartphone-based mobile apps contain several types of messages. Push Notifications are direct messages sent to a user either automatically or as part of a campaign. They include transactional, marketing, geo-based, and more. Rich Push Notifications are full HTML Push Notifications. Mobile apps also contain Interactive ads that appear inside the mobile application or app; *Location-Based Marketing*: marketing messages delivered directly to a mobile device based on the user's location; *QR Codes* (quick-response barcodes): This is a type of 2D barcode with an encoded link that can be accessed from a smartphone. This technology is increasingly being used for everything from special offers to product information. *Mobile Banner Ads*: Like standard banner ads for desktop Web pages but smaller to fit on mobile screens and run on the mobile content network

Telemarketing

Another common form of direct marketing is telemarketing, in which marketers contact customers by phone. The primary benefit to businesses is increased lead generation, which helps businesses increase sales volume and customer base. The most successful telemarketing service providers focus on generating more "qualified" leads that have a higher probability of getting converted into actual sales.

In the United States, the National Do Not Call Registry was created in 2003 to offer consumers a choice whether to receive telemarketing calls at home. The FTC created the National Do Not Call Registry after a comprehensive review of the Telemarketing Sales Rule (TSR).^[23] The do-not-call provisions of the TSR cover any plan, program, or campaign to sell goods or services through interstate phone calls.

The 2012 modification, which went into effect on October 16, 2013, stated that prior express written consent will be required for all autodialed and/or pre-recorded calls/texts sent/made to cell phone; and for pre-recorded calls made to residential land lines for marketing purposes.

Further, a consumer who does not wish to receive further prerecorded telemarketing calls can "opt out" of receiving such calls by dialing a telephone number (required to be provided in the prerecorded message) to register his or her do-not-call request. The provisions do not cover calls from political organizations or charities.^[24]

Canada has its own National Do Not Call List (DNCL). In other countries it is voluntary, such as the New Zealand Name Removal Service.

Voicemail marketing

Voicemail marketing emerged from the market prevalence of personal voice mailboxes, and business voicemail systems. Voicemail marketing presented a cost effective means by which to reach people directly, by voice. Abuse of consumer marketing applications of voicemail marketing resulted in an abundance of "voice-spam", and prompted many jurisdictions to pass laws regulating consumer voicemail marketing. More recently, businesses have utilized guided voicemail (an application where pre-recorded voicemails are guided by live callers) to accomplish personalized business-to-business marketing formerly reserved for telemarketing.

Because guided voicemail is used to contact only businesses, it is exempt from Do Not Call regulations in place for other forms of voicemail marketing.

Voice-mail courier is a similar form of voice-mail marketing with both business-to-business and business-to-consumer applications.

Broadcast faxing

Broadcast faxing, in which faxes are sent to multiple recipients, is now less common than in the past. This is partly due to laws in the United States and elsewhere which regulate its use for consumer marketing. In 2005, President Bush signed into law S.714, the Junk Fax Prevention Act of 2005 (JFPA), which allows marketers to send commercial faxes to those with whom they have an established business relationship (EBR), but imposes some new requirements. These requirements include providing an opt-out notice on the first page of faxes and establishing a system to accept opt-outs at any time of the day. Roughly 2% of direct marketers use fax, mostly for business-to-business marketing campaigns

Public Relations

Public relations is a broad field that involves creating, managing and distributing information from an organization to the wider public to inform them about that organization's activities in an attempt to develop a positive reputation. If you're interested in a career in public relations, it might benefit you to learn more about the various types of public relations.

What are public relations?

Public relations refer to the deliberate process of managing and disseminating messages from a company or client to the general public. Its purpose is to maintain an organizational or individual image by developing positive public perceptions. Public relations professionals develop strategies for media dissemination and aim to build mutually beneficial relationships between the public and their clients. Public relations is useful in a variety of industries, including education, marketing, entertainment and advertising.

Types of public relations

The public relations field features a variety of subfields that aim to develop positive relationships between stakeholders and clients, each of which has its own distinct focus. Here are various types of public relations

1. Media relations

Media relations is an aspect of public relations that involves interacting with journalists, reporters, broadcasters and other members of the media and developing positive relationships with them. The purpose of media relations is to enhance the relationship between an organization and its stakeholders through positive media coverage. Public relations professionals might accomplish this by sending different media outlets press releases or by pitching interviews to them so companies can communicate with their desired audiences. They might also offer to participate in a news story to circulate their message in a more compelling way.

2. Strategic communications

Strategic communications is a type of public relations that involves coordinating different communications to the public so that they can receive a consistent message. Strategic communications can help organizations better achieve their short- and long-term goals and strategic initiatives by organizing each individual public relations effort. It requires that public relations professionals understand the organization's strategic interests so they can establish the activities necessary for developing a cohesive strategy. It also requires that professionals take steps to maintain its messaging and update it when necessary.

3. Community relations

The process of community relations involves establishing positive relations between an organization and its local community. This type of public relations focuses on using different campaigns to ensure that the needs of the public align with the organization. For example, a car dealership might want to show that it cares about its community by hiring a public relations firm to craft compelling community-oriented messaging and plan a free car wash event to enhance

community ties. Police departments and other government agencies that interact frequently with the public often employ community relations to improve their images and advance public support.

4. Public affairs

Public affairs is a form of public relations that involves efforts to lobby or persuade government officials to enact certain policies or pass legislation. Organizations in industries that have compelling interests often hire public relations firms to advance those interests. Public affairs might also focus on enacting public change through efforts to build relationships with politicians and other decision-makers. Professionals who work in public affairs are often responsible for engaging in research on different issues, arranging meetings with members of government and drafting reports to share with them.

5. Internal communications

This type of public relations focuses on creating a positive relationship between an organization and its internal stakeholders, such as its employees. It helps align the interests of an organization's employees of an organization and its executives to increase employee satisfaction and reduce turnover. Positive internal communications can also help organizations increase efficiency and improve internal processes, which can improve productivity. Internal communications can also be useful when a company plans to enact a change. For example, a company planning to automate some of its processes might decide to create a video featuring its leadership discussing the changes.

6. Social responsibility

Social responsibility relates closely to community relations but focuses on improving an organization's reputation by developing public relations strategies that focus on how ethical, charitable and environmentally and socially responsible it is. This type of public relations has the potential to impact an organization's business practices. For example, a company employing a social responsibility public relations strategy might decide to commit to becoming carbon neutral over the next five years or donate a certain portion of its profits to support those in need.

Mobile Advertising

Although there are different types of mobile advertising, all advertising campaigns should be adapted to mobile platforms, or at least follow a responsive typology which allows pages to be formatted to the size of any given screen. Nowadays, everyone has a phone and/or a tablet that they constantly use. In fact, Google has said that since 2016 mobile traffic has surpassed that of desktop computers. So if you're still not investing in mobile platforms, it's time to take the plunge. Not only will you get better reach and an improved user interaction but, you'll also improve your SEO through Google's Mobile First algorithm in ads you show on your own website.

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Word of Mouth

What Is Word-of-Mouth Marketing?

Word-of-mouth marketing (or WOM marketing) is when a consumer's interest in a company's product or service is reflected in their daily dialogues. Essentially, it is free advertising triggered by customer experiences—and usually, something that goes beyond what they expected.

What Are Some Examples of Word-of-Mouth Marketing?

Word-of-mouth marketing includes the marketing tactics companies use to prompt their consumers to talk about their levels of satisfaction with the company's service or product. These strategies include brand loyalty programs, which reward customers for repeated business and provide them platforms to provide user feedback; giveaways, contests, and sponsored influencers.

Why Is Word-of-Mouth Marketing So Important?

Word-of-mouth marketing is important as it is an effective way to increase sales, promote products and services, increase brand recognition, and build customer loyalty. Many companies employ strategies that prompt customers to recommend their services and/or products and share positive experiences. Essentially, companies create the spark that causes the firestorm of chatter among consumers, and since studies show that most people trust the advice of family and friends, focusing on word-of-mouth marketing can be more beneficial and cost-effective than other forms of marketing.

Benefits of Word-of-Mouth Marketing

Eighty-eight percent of people around the world said they trust recommendations from friends and family (earned media) above all other forms of advertising. This shows just how effective word-of-mouth marketing can be.¹

Consumers are more emotionally bonded to a company when they feel they are listened to by the company. That is why many companies will have sales representatives discuss their products and

services with consumers personally or through a feedback phone line. This kind of interaction, as well as promotional events, can stimulate conversations about a company's product.

There is a significant temptation to fabricate word-of-mouth marketing. Accordingly, the Word of Mouth Marketing Association (WOMMA) crafted a code of ethics checklist for the industry, advising that the best word-of-mouth marketing strategies are credible, social, repeatable, measurable, and respectful, and there is no excuse for dishonesty.

out-of-home media

- **Out-of-home media** is advertising that reaches the consumers while they are outside their homes.
- Out-of-home media advertising is focused on marketing to consumers when they are "on the go" in public places, in transit, waiting (such as in a medical office), and/or in specific commercial locations (such as in a retail venue). OOH advertising formats fall into six main categories: billboards, street, roads, highways, transit, and alternative
- **Billboard bicycle** is a new type of mobile advertising in which a bike tows a billboard with an advertising message. This method is a cost-efficient, targeted, and environmentally friendly form of advertising.
- **Brochure Distribution** – Information displays in public gathering spaces such as transportation centers, lodging facilities, visitor centers, attractions, and retail environments are targeted ways to distribute highly effective messaging to a targeted audience. This method is slightly different than traditional OOH as the consumer self-selects the messaging material and can take that message with them.
- **Billboard** – Billboards (or Bulletins) are usually located in highly visible^[16], heavy traffic areas such as expressways, primary arterials, and major intersections. In the U.S. bulletins are usually illuminated. The ad artwork, commonly digitally printed on large vinyl coated fabric membranes, is often "rotated" by the outdoor plant operator amongst several locations in a metropolitan area to achieve the desired reach of the population as defined in the sales contract. With extended periods of high visibility, billboard advertisements provide advertisers with significant impact on commuters. This is the

largest standard out of home advertising format, usually measuring at 14ftx48ft in overall size.

- **Bus advertising** – Firmly establish brand awareness and generate quick recall with high-profile exposure near point of purchase locations.
- **Commuter rail display** – Reaches a captive audience of upscale suburban commuters. Additionally, reaches lunch-time patrons, shoppers and business professionals.
- **ComPark advertising** – ComPark is a device used for car park advertising; which is placed onto the parallel lines of a bay and is able to gain instant exposure from motorists that have just parked their vehicle. The ComPark also serves as a guide to assist motorist in adhering to the parking bay size.
- **Inflatable billboard** – similar to regular 2D billboard but imposed on 3D object. Best used to market physical products rather than services. A cost-effective approach that is able to achieve high brand awareness and increase product purchases.
- **Lamppost banner advertising** – Lamp columns are sited everywhere, allowing advertisers and events to use banners to target precise geographical locations and create massive promotional awareness.
- **Mobile billboard** – Mobile billboards offer a great degree of flexibility to advertisers. These advertisements can target specific routes, venue or events, or can be used to achieve market saturation. A special version is the inflatable billboard which can stand free nearly everywhere. This product can also be used for outdoor movie nights

World Wide Web

What is World Wide Web (WWW)?

The World Wide Web -- also known as the web, WWW or W3 -- refers to all the public websites or pages that users can access on their local computers and other devices through the internet. These pages and documents are interconnected by means of hyperlinks that users click on for information. This information can be in different formats, including text, images, audio and video.

Advantages of Website Advertising

1. Uniqueness

The nature of the internet makes the web advertising a unique strategy. It is almost impossible today to find a person who does not use the world wide web. Through web advertising, the advertisements have very high chances of reaching its potential customers due to the large number of global users.

2. Cost

Compared to other advertising plans, the costs involved in a web advertising is comparatively less. This eventually provides a chance for the small businesses to easily expand their customer base. The advertisers are either paid when the visitors clicks the ad or views it. The brand will be deciding what type of campaign they will be running. If it is a PPC campaign, the advertisers are only paid if the visitor clicks the ad.

3. Control

The users have full control over advertisements in web advertising. Using tools such as google analytics, the users can track and monitor the performance of their ads. For this they use different metrics like CPC, CTR, Impressions and Ad reach. With these data, the users can make adjustments to their ads accordingly.

4. Convenience

Customers are always convenient when it comes to web advertising. Web advertising mostly works instant. When a customer sees an advertisement that is relevant to them, they most probably will click them to discover more information. If they are interested in, they will probably purchase the product. None of the other advertising platforms offer this kind of convenience to a customer.

5. Customer Target

Unlike traditional wide net advertising techniques used in a television and radio broadcastings, web advertising allows to target specific segments of groups. Users can filter out the targeted group based on specific geographical location, gender, age and interests. Showing ads that is most likely based in their needs. Using this, they will not only be able to reach customers across globe they can also identify interested group of customers. So that you can easily find potential customers who will most likely be purchasing your product.

6. Ad Format

Web advertising offers different ad formats for every advertiser. Every internet user must have surely seen a text or a display ad at least once in their lifetime. Besides both of them, there are other different formats such as QR codes, link ads, hashtags, videos and social media contests. Any of these ad formats can be picked by a business in order to implement their online marketing strategy.

7. No Time Restrictions

There isn't any time restrictions for web advertising. Visitors will be able to view the advertisements 24x7 as long as they are having a internet connection. Therefore, businesses can operate all the time with their advertisements. This is also convenient for the customer since they are not pressurized to purchase the product. They can take their own time in researching about the brand.

Unit-3

Regulation, Social and ethical aspects of Advertising and Promotion

Regulations of advertising and promotion

Freedom of Commercial Speech The Supreme Court historically distinguishes between “speech” and “commercial speech” (speech that promotes a commercial transaction). But decisions over the last two decades suggest that truthful commercial speech is also entitled to significant, if not full, protection under the First Amendment. The trend started in 1976 when the Supreme Court held in *Virginia State Board of Pharmacy versus Virginia Citizens Consumer Council* that ads enjoy protection under the First Amendment as commercial speech. The next year the Court declared that the ban by state bar associations on attorney advertising also violated the First Amendment. Now a third of all lawyers advertise, and a few states even permit client testimonials. To help guard against deceptive and misleading lawyer ads, the American Bar Association issues guidelines for attorney

Consumer Privacy The second major regulatory issue facing advertisers is privacy. Today, most advertisers know it’s illegal to use a person’s likeness in an ad without the individual’s permission. And since 1987, even using a celebrity lookalike can violate that person’s rights. The courts have also ruled that people’s privacy rights continue even after their death.

The Food and Drug Administration (FDA) A division of the Department of Health and Human Services, the Food and Drug Administration (FDA) is authorized by Congress to enforce the Federal Food, Drug, and Cosmetic Act and several other health laws. The agency monitors the manufacture, import, transport, storage, and sale of over \$1 trillion worth of products annually, which accounts for 25 cents of every dollar spent annually by American consumers. And they do so at a cost to the public of little more than a penny a day per person.

Regulation by State Governments **State legislation** governing advertising is often based on the truth-in-advertising model statute developed in 1911 by *Printer’s Ink*, for many years the major trade publication of the industry. The statute holds that any maker of an ad found to contain “untrue, deceptive, or misleading” material is guilty of a misdemeanor

Ethical aspects of advertising and promotion

Ethics means a set of moral principles which govern a person's behavior or how the activity is conducted. And advertising means a mode of communication between a seller and a buyer.

Thus ethics in advertising means a set of well defined principles which govern the ways of communication taking place between the seller and the buyer. Ethics is the most important feature of the advertising industry. Though there are many benefits of advertising but then there are some points which don't match the ethical norms of advertising.

An ethical ad is the one which doesn't lie, doesn't make fake or false claims and is in the limit of decency.

Nowadays, ads are more exaggerated and a lot of puffing is used. It seems like the advertisers lack knowledge of ethical norms and principles. They just don't understand and are unable to decide what is correct and what is wrong.

The main area of interest for advertisers is to increase their sales, gain more and more customers, and increase the demand for the product by presenting a well decorated, puffed and colorful ad. They claim that their product is the best, having unique qualities than the competitors, more cost effective, and more beneficial. But most of these ads are found to be false, misleading customers and unethical. The best example of these types of ads is the one which shows evening snacks for the kids, they use coloring and gluing to make the product look glossy and attractive to the consumers who are watching the ads on television and convince them to buy the product without giving a second thought.

Ethics in Advertising is directly related to the purpose of advertising and the nature of advertising. Sometimes exaggerating the ad becomes necessary to prove the benefit of the product. For e.g. a sanitary napkin ad which shows that when the napkin was dropped in a river by some girls, the napkin soaked whole water of the river. Thus, the purpose of advertising was only to inform women about the product quality. Obviously, every woman knows that this cannot practically happen but the ad was accepted. This doesn't show that the ad was unethical.

Ethics also depends on what we believe. If the advertisers make the ads on the belief that the customers will understand, persuade them to think, and then act on their ads, then this will lead to positive results and the ad may not be called unethical. But at the same time, if advertisers believe that they can fool their customers by showing any impractical things like just clicking fingers will make your home or office fully furnished or just buying a lottery ticket will make you a millionaire, then this is not going to work out for them and will be called as unethical.

Generally, big companies never lie as they have to prove their points to various ad regulating bodies. Truth is always said but not completely. Sometimes its better not to reveal the whole truth in the ad but at times truth has to be shown for betterment.

Pharmaceutical Advertising - they help creating awareness, but one catchy point here is that the advertisers show what the medicine can cure but never talk about the side effects of that same thing or the risks involved in intake of it.

Children - children are the major sellers of the ads and the product. They have the power to convince the buyers. But when advertisers are using children in their ad, they should remember not to show them alone doing there work on their own like brushing teeth, playing with toys, or infants holding their own milk bottles as everyone knows that no one will leave their kids unattended while doing all these activities. So showing parents also involved in all activities or things being advertised will be more logical.

Alcohol - till today, there hasn't come any liquor ad which shows anyone drinking the original liquor. They use mineral water and sodas in their advertisements with their brand name. These types of ads are called surrogate ads. These type of ads are totally unethical when liquor ads are totally banned. Even if there are no advertisements for alcohol, people will continue drinking.

Cigarettes and Tobacco - these products should be never advertised as consumption of these things is directly and badly responsible for cancer and other severe health issues. These as are already banned in countries like India, Norway, Thailand, Finland and Singapore.

Ads for social causes - these types of ads are ethical and are accepted by the people. But ads like condoms and contraceptive pills should be limited, as these are sometimes unethical, and are

more likely to lose morality and decency at places where there is no educational knowledge about all these products.

Social aspects of advertising and promotion

The Social Impact of Advertising Because it's so visible, advertising gets criticized frequently, for both what it is and what it isn't. Many of the criticisms focus on the style of advertising, saying it's deceptive or manipulative. Collectively we might refer to these as short-term manipulative arguments. Other criticisms focus on the social or environmental impact of advertising. These are long-term macro arguments.

Deception in Advertising One of the most common short-term arguments about advertising is that it is so frequently deceptive. Professor Ivan Preston notes that the essence of a marketplace lies in the willingness of buyers and sellers to enter commercial transactions. Anything that detracts from the satisfaction of the transaction produces a loss of activity that ultimately hurts both parties. If a product does not live up to its ads, dissatisfaction occurs—and in the long term that is as harmful to the advertiser as to the buyer

The Subliminal Advertising Myth Wilson Bryan Key promotes the notion that, to seduce consumers, advertisers intentionally create ads with sexual messages hidden in the illustrations just below the limen—or the threshold of perception. He calls this subliminal advertising. His premise is that by embedding dirty words in the ice cubes in a liquor ad, for instance, advertisers can somehow make us want to buy the product. Over the years, many academic studies have completely debunked this theory. In fact, to date, no study has proved that such embedding exists or that it would have any effect if it did exist. Unfortunately, by promulgating this fiction, Key has been able to sell many thousands of books; worse, he has propagated a generation of consumers who believe in the poppycock of subliminal advertising.

The Effect of Advertising on Our Value System A related long-term argument, often voiced by certain professional critics—sociologists, journalists, consumer advocates, and government regulators—is that advertising degrades people's value systems by promoting a hedonistic, materialistic way of life. Advertising, they say, encourages us to buy more cars, more CDs, more

clothing, and more junk we don't need. It is destroying the essence of our "citizen democracy," replacing it with a self-oriented consumer democracy

Offensiveness in Advertising Offensiveness is another short-term style argument that also speaks to externalities. Many parents, for instance, were incensed at Calvin Klein's ads because they perceived them as pornographic, thereby causing a social cost that extended well beyond the limited scope of merely selling clothes. More recently, Abercrombie & Fitch came under attack for showing nude and seminude models in the company's quarterly catalogs. The fact is, people just don't want their children exposed to messages that they deem immoral, offensive, or strictly adult-oriented.

Advertisers' Social Responsibility The foundation of any human society is the amicable relationship among its members. Without harmony, a society will collapse. So all the institutions within a society have some responsibility for helping to maintain social harmony through proper stewardship of families and companies, exercise of honesty and integrity in all relationships, adherence to accepted ethical standards, willingness to assist various segments of the society, and the courtesy to respect the privacy of others.

Unit-4

Sales Planning and Budgeting

Sales planning process

- 1. Define your objective.** Clearly outlining your goal should always be your first step in planning a sales call – or any other business endeavor. Is your purpose to establish yourself as a trusted advisor? Close a specific deal? When you define your key objective, you can plan later steps around achieving it.
- 2. Evaluate the current situation.** Next on the list is an honest assessment of the situation and it will relate to the goal you set in the first step. If your objective is to expand your relationship with a customer, an evaluation of the current situation would consist of defining your present relationship.
- 3. List barriers to success.** This step can be one of the most critical to achieving your goals: Create a detailed account of obstacles to your success. Knowing exactly what you're up against can be incredibly inspirational, sparking new ideas about how you can overcome barriers.
- 4. Assess your strengths and assets.** Take an honest look at your resources and think about how you can apply them to achieve your objective. Strengths and assets can include things like personal relationships, sales kits, competitive advantages like new products and much more.
- 5. Create your sales call strategy.** Using the information you've compiled in steps one through four, develop your sales plan by outlining how you'll reach your goal. Depending on the situation, your plan might include the sale of a specific product and the steps you'll use to persuade your prospect.
- 6. Identify your needs.** Once you have your basic strategy in place, now is the time to outline what you'll need to get the job done. Your needs may include items like a sales deck or demo program. Requirements could also include a list of accounts. The important thing is to identify needs upfront.
- 7. Outline an action plan.** The action plan is a companion piece to the sales call strategy described in step five: It is a to-do list of tactical steps you'll need to accomplish the strategy.

The action plan might include items such as finalizing pricing with your company before you make the sale.

Methods of Sales Forecasting

1. Jury of Executive Opinion:

This method of sales forecasting is the oldest. One or more of the executives, who are experienced and have good knowledge of the market factors make out the expected sales. The executives are responsible while forecasting sales figures through estimates and experiences. All the factors-internal and external—are taken into account. This is a type of committee approach. This method is simple as experiences and judgement are pooled together in taking a sales forecast figure. If there are many executives, their estimates are averaged in drawing the sales forecast.

Merits:

- (a) This method is simple and quick.
- (b) Detailed data are not needed.
- (c) There is economy.

Demerits:

- (a) It is not based on factual data.
- (b) It is difficult to draw a final decision.
- (c) More or less, the method rests on guess-work, and may lead to wrong forecasts.
- (d) It is difficult to break down the forecasts into products, markets, etc.

2. Sales Force Opinion:

Under this method, salesmen, or intermediaries are required to make out an estimate sales in their respective territories for a given period. Salesmen are in close touch with the consumers and possess good knowledge about the future demand trend. Thus all the sales force estimates are

processed, integrated, modified, and a sales volume estimate formed for the whole market, for the given period.

Merits:

- (a) Specialized knowledge is utilized.
- (b) Salesmen are confident and responsible to meet the quota fixed.
- (c) This method facilitates to break down in terms of products, territories, customers, salesmen etc.

Demerits:

- a) Success depends upon the competency of salesmen.
- b) A broad outlook is absent.
- c) The estimation may be unattainable or may be too low for the forecasts as the salesmen may be optimistic or pessimistic.

3. Test Marketing Result:

Under the market test method, products are introduced in a limited geographical area and the result is studied. Taking this result as a base, sales forecast is made. This test is conducted as a sample on pre-test basis in order to understand the market response.

Merits:

- (a) The system is reliable as forecast is based on actual result.
- (b) Management can understand the defects and take steps to rectify.
- (c) It is good for introducing new products, in a new territory etc.

Demerits:

- (a) All the markets are not homogeneous. But study is made on the basis of a part of a market.
- (b) It is a time-consuming process.
- (c) It is costly.

4. Consumers' Buying Plan:

Consumers, as a source of information, are approached to know their likely purchases during the period under a given set of conditions. This method is suitable when there are few customers. This type of forecasting is generally adopted for industrial goods. It is suitable for industries, which produce costly goods to a limited number of buyers- wholesalers, retailers, potential consumers etc. A survey is conducted on face to face basis or survey method. It is because changes are constant while buyer behavior and buying decisions change frequently.

Merits:

- (a) First hand information is possible.
- (b) User's intention is known.

Demerits:

- (a) Customer's expectation cannot be measured exactly.
- (b) It is difficult to identify actual buyers.
- (c) It is good when users are few, but not practicable when consumers are many.
- (d) Long run forecasting is not possible.
- (e) The system is costly.
- (f) Buyers may change their buying decisions.

5. Market Factor Analysis:

A company's sales may depend on the behavior of certain market factors. The principal factors which affect the sales may be determined. By studying the behaviors of the factors, forecasting should be made. Correlation is the statistical analysis which analyses the degree of extent to which two variables fluctuate with reference to each other.

The word 'relationship' is of importance and indicates that there is some connection between the variables under observation. In the same way, regression analysis is a statistical device, which helps us to estimate or predict the unknown values of one variable from the known values of another variable.

For instance, you publish a text book on "Banking", affiliated to different universities. The permitted intake capacity of each and the medium through which the students are taught are known. Is it a compulsory or an optional subject? By getting all these details and also by considering the sales activities of promotional work, you may be able to declare the probable copies to be printed.

The key to the successful use of this method lies in the selection of the appropriate market factors. Minimizing the number of market factors is also important. Thus the demand decision makers have to consider price, competitions, advertising, disposal income, buying habits, consumption habits, consumer price index, change in population etc.

Merits:

- (a) It is a sound method.
- (b) Market factor is analyzed in detail.

Demerits:

- (a) It is costly.
- (b) It is time-consuming.

(c) It is a short run process.

6. Expert Opinion:

Many types of consultancy agencies have entered into the field of sales. The consultancy agency has specialized experts in the respective field. This includes dealers, trade associations etc. They may conduct market researches and possess ready-made statistical data. Firms may make use of the opinions of such experts. These opinions may be carefully analysed by the company and a sound forecasting is made.

Merits:

(a) Forecasting is quick and inexpensive.

(b) It will be more accurate.

(c) Specialized knowledge is utilized.

Demerits:

(a) It may not be reliable.

(b) The success of forecasting depends upon the competency of experts.

(c) A broad outlook may be lacking.

7. Econometric Model Building:

This is a mathematical approach of study and is an ideal way to forecast sales. This method is more useful for marketing durable goods. It is in the form of equations, which represent a set of relationships among different demand determining market factors. By analyzing the market factors (independent variable) and sales (dependent variable), sales are forecast. This system does not entirely depend upon correlation analysis. It has great scope, but adoption of this method depends upon availability of complete information. The market factors which are more accurate, quick and less costly may be selected for a sound forecasting.

8. Past Sales (Historical method):

Personal judgement of sales forecasting can be beneficially supplemented by the use of statistical and quantitative methods. Past sales are a good basis and on this basis future sales can be formulated and forecast. According to Kirkpatrick, today's sales activity flows into tomorrow's sales activities; that is last year's sales extend into this year's sales. This approach is adding or deducting a set of percentage to the sales of previous year(s). For new industries and for new products, this method is not suitable.

(a) Simple Sales Percentage:

Under this method, sales forecast is made by adding simply a flat percentage of sales so as to forecast sales as given below:

Next year sales = Present year sales + This year sales/Last year sales

or = Present year sales + 10 or 5% of present sale

(b) Time Series Analysis:

A time series analysis is a statistical method of studying historical data. It involves the isolation of long time trend, cyclical changes, seasonal variations and irregular fluctuations. Past sales figures are taken as a base, analyzed and adjusted to future trends. The past records and reports enable us to interpret the information and forecast future trends and trade cycle too.

Merits:

- (a) No guess-work creeps in.
- (b) The method is simple and inexpensive.
- (c) This is an objective method.

Methods for Preparation of Sales Budget

1. Analysis of Past Sales:

Analysis of past sales for a number of years, say 5 to 10 years, viz long-term trend, seasonal trend, cyclical trend, sundry other factors. The long-term trend represents the movement of the fortunes of a business over many years.

The seasonal trend may affect many types of business and hence this factor must be taken into account when studying figures for consecutive months over a number of years. The cyclical trend represents the fluctuations in the business activity due to the effect of the trade cycle.

In order to study the cyclical trend it is desirable to disregard the effects of the long-term and seasonal trends. Sundry factors include, such as a strike in the industry or a serious fire or flood.

From such analysis, it will be possible to suggest future trends. In analyzing such sales, considerable help can be obtained from statistical reports produced by the trade units and commercial intelligence units, government publication, etc.

2. Field Estimates by Own Sales Staff:

The salesman in each area should have an intimate knowledge of the factors likely to affect his sales in the next few months or years. He can probably make a guess about the unsold stock in the shops of his customers.

He is then in a position to make an estimate of future sales. When such estimates are available for a number of years, the actual sales for the year can be compared with the estimated sales and a correction factor calculated to allow for each salesman's tendency to over-estimate.

3. Analysis of the Potential Market:

Market research people may report on the state of the market, population in area, fashion trends, the type of product design required by customers, purchasing power of people, activities of competitors and the prices the consumers are likely to pay.

4. Studying the Impact of Factors Affecting Sales:

Any change in the company policy or methods should always be considered. For example, introduction of special discounts, special salesmen, a new design of the product, new or additional advertising campaigns, improved deliveries, after-sales service should have some market effect on a sales budget.

While preparing such forecasts, the sales manager must consider the opinion of divisional managers and other sales staff, the budget officer and the accountant.

It will be observed that the preparation of a sales budget involves many factors and calls for a high degree of knowledge of conditions, and of ability to deduce from the known facts and various estimates the probable course of sales over the budget period.

If sales is the principal budget factor, then the sales budget is prepared first. If production is the key factor, the production budget should be built up first and the sales budget must be drawn up within the limits imposed by the production budget.

Types of quotas

Volume-Based Sales Quota

A volume-based sales quota is measured based on the number of units sold or the total revenue generated for a given period. This motivates a salesperson to sell as many units as possible and is best suited for businesses with short sales cycles and fixed pricing. It is one of the easiest quotas to manage as it can be measured using sales or inventory reports found in accounting software programs like Quick Books.

For example, a business that might use a volume-based sales quota would be a retailer or niche manufacturer selling novelty baseball bats. The novelty bat manufacturer may have several different versions of the same product that vary only in color or team logo. In this sales quota example, the company measures the performance of individual salespeople based on the number of units that are sold because there is little difference between product offerings.

Profit-Based Sales Quota

A profit-based sales quota is measured based on company profits, making both selling units as well as controlling costs important. Companies using a profit-based quota benefit from increased sales productivity as staff are incentivized to focus their efforts on closing deals with the greatest value. This type is best for businesses serving multiple market segments or unique territories, as it provides a way to measure performance equally where there is variation.

For example, two salespeople at the same company sell switches. One salesperson sells to the medical device industry, which has low volumes but high prices. The other sells to the consumer electronics industry, which has large volumes but lower prices. Therefore, a volume-based quota would not be a fair comparison. Instead, the sales manager measures performance based on the amount of profit each person earns for the company.

Activity-Based Sales Quota

An activity-based sales quota is based on a salesperson or sales team achieving a quantifiable activity, such as making a number of phone calls or attending a set number of meetings. This type is measured by an activity log such as a call sheet or trip report. This is beneficial for indirect sales groups or teams with several people contributing to a single sale. It is also best for industries with long lead development cycles and little to no inventory.

For example, a company may employ a telemarketer or inside sales professional responsible for setting appointments. This person may not have a direct impact on whether a sale was closed, but does still play a role as he or she was responsible for the original qualification of the lead. In this sales quota example, the inside sales professional's performance would be measured by the number of appointments set while someone else would be responsible for closing the deal.

Cost-Based Sales Quota

A cost-based sales quota measures a team member's ability to reduce costs per deal—such as time invested—rather than focusing on revenue. Businesses benefit from this type as it increases staff efficiency, therefore improving company profitability. As a result, a cost-based quota is best

suited for service organizations where sales or profitability are dependent on factors such as time to close a deal or resources spent consulting on a project.

For example, an HVAC service company sends technicians out into the field. Performance is tracked by average time spent diagnosing a problem, which is an overhead cost, rather than their ability to sell equipment or repair service. A volume or profit-based sales quota would not work in this same situation because the technician doesn't have direct control over revenue. However, he/she can affect the amount of time and therefore the overall cost per house visit.

Combination Strategy

A combination strategy is when a manager sets more than one quota type for individuals on his or her team, such as setting a volume-based quota and another number for an activity-based quota. A manager does this to ensure team members are focused on both quality as well as quantity in their individual approach to sales.

For example, a sales manager at a company selling software as a service may expect his or her salespeople to make a minimum number of sales calls. However, the manager also wants to ensure that his or her staff aren't simply making calls for the sake of making calls. In addition to the activity quota, he or she sets a profit-based quota for the salesperson's average deal

Quota setting procedure

1. Choose a Quota That Aligns with Your Business

There are four main types of sales quotas, each with different numbers used to measure sales performance, which include volume, cost, profit, and activity quotas. Each is right for a specific type of business goal: volume tracks sales units or revenue, cost measures expenses like time, profit uses profitability, and activity is the count of specific actions.

The type of quota you select will be used to set your baseline, calculate your quota value, and is how performance will be measured. This is why it's important to choose the one that most closely aligns with your company initiatives. For example, if sales volume isn't important, then

don't choose a volume quota. Conversely, if you want your sales team to maximize company profitability, choose a profit quota.

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2. Consider Your Target Review Period

The review period is the length of time by which sales performance will be measured. A short review period, such as weekly or monthly, provides the sales manager with an opportunity to quickly address and correct performance shortcomings. However, a longer review period, such as a quarter-long or annual review, is better for staff motivation and morale as it gives them an opportunity to make up missed numbers before they impact incentives or compensation.

The most common review period is a quarterly review, where you meet with your sales staff every three months and discuss their predetermined sales quota and their performance against that quota. However, your specific business function will largely determine your review period. For example, if you're a retailer with high sales volumes, a monthly review might be good, while a semi- or annual review period might be better for B2B sales with long sales cycles.

3. Establish Your Team's Performance Baseline

A performance baseline is a measure of past performance based on your type of sales quota by reviewing past history, accounting for seasonality, and adjusting for market influences. This step is important because the baseline acts as average performance and will serve as a benchmark for setting your ultimate sales quota, which is usually a specific percentage of the baseline you establish.

If you are just starting out, launching new products or services, or do not wish to use prior performance as an indicator of success, you may choose to use your sales forecast in lieu of an

historical performance baseline. Still, it's always better to use real past data whenever possible as a benchmark.

Regardless, you can establish your performance by doing the following:

Review Past History

If past history exists, look back on the last 12 to 24 months of sales data to establish your performance baseline. Using the target review period as a guide, summarize the total performance by sales volume, profit, cost, or related sales activities that took place over the same periods in the past.

For example, if you're tying your sales quota to quarterly sales volume, you would take the entire sales volume over the past 12 to 24 months and add it together, then divide by four for 12 months of data or eight for 24 months of data to arrive at your average quarterly sales volume over the past 12 or 24 months.

Examples of tools you could use to review past history include:

- Sales Reports for volume-based performance quotas
- Margin Reports or P/L statements for profit-based performance quotas
- Activity logs such as trip reports, call reports, or the count of leads added to the pipeline for activity-based performance quotas
- A P/L statement, service logs, or expense reports can be used to establish cost-based performance quotas

Account for Seasonality

Seasonality is the recurring spikes or dips in sales a business experiences year over year. For example, retailers might have large spikes in sales during the fourth quarter that should be accounted for as you set sales quotas from one period to the next. You account for seasonality by adjusting your review period, establishing a different sales quota number for each review period, or combining both strategies.

The reason for this is you need to set realistic sales quota. If you expect your sales to double in the fourth quarter, your sales quota should reflect that expectation when comparing quotas from quarter to quarter.

Adjust for Market Influences

Market influences are events or changes in buying habits that cannot be tied to seasonality, like a newly launched product line or a component shortage. In order for your baseline to be an accurate benchmark for average performance, these factors need to be included. Adjust your baseline for market influences by adding in things like forecasted sales from new lines or subtracting out sales related to discontinued or jeopardized products or services.

4. Calculate Your Sales Quota per Review Period

To calculate your sales quota, you typically take your baseline metric and adjust it for desired or expected growth. For example, if you are using a volume-based sales quota, you can calculate the ideal sales quota by dividing your forecasted sales target by the number of salespeople. If you have a profit-based quota, you can look at profitability over the last 12 to 24 months and then multiply it by a fixed growth rate to arrive at your quarterly profit quota.

Typically, sales quotas that are within five percent of the baseline metrics you established are considered achievable quotas. Further, realistic sales quotas that also incentivize maximum performance are usually ones that are 80 percent achievable. Of course, your team can improve by more than five percent with additional investment, streamlining processes, or general business growth, but this five percent figure is a good starting point to assess how realistic your quota might be.

5. Verify That Your Sales Quota Is Achievable

After you set your sales quota based on desired or expected growth, you need to verify that it's realistic and achievable by comparing it to your baseline. An effective sales quota is typically one that is achievable by 80 percent of your team and within five percent of your baseline metric. The performance baseline will help you evaluate whether or not a calculated ideal quota is

realistic by comparing the two values and determining if the difference between the two is achievable based on your business.

Again, this is more of a qualitative assessment and by no means are the 80 percent and five percent figures hard and fast rules. Instead, they are good rules of thumb to check your thinking. However, it's not uncommon for companies to grow at rates far above five percent, and if you are one of those companies, your sales quotas should reflect that growth.

Reasons for Establishing or revising Territories

Sales territory

A sales territory is defined as a group of present and potential customers assigned to an individual salesperson, a group of salesperson, a branch, a dealer, a distributor, or a marketing organization at a given period of time.

Reasons for Establishing Territories

The main motive of establishing sales territories is to simplify the planning and controlling of the selling function.

Following are some reasons for establishing sales territories –

➤ To obtain thorough coverage of the market

According to the division of sales territory, the activities are assigned to salesperson. This helps in market coverage, rather than the salesperson selling the product according to his ambition. It helps the sales manager to monitor and take updates accordingly from different sales managers.

➤ To establish the salesperson's job and responsibilities

It's very important to establish jobs and responsibilities for salespersons. Sales territories help in doing so because the task is assigned to the salesperson and he is responsible and answerable for the same.

Once the task is assigned, frequent checks are done to monitor the calls; it helps to determine the work of each salesperson. If the sales manager finds the workload for a particular person is more, the work is divided and reassigned equally. This creates motivation and interest to work.

➤ **To evaluate sales performance**

In an organization, the sales territory is compared from the previous years to current to find out the difference, i.e., the increase or decrease in sales volumes. It helps to work on the difference accordingly. This is done with the help of sales territory as the activities are assigned in a proper manner and gathering of data and evaluation becomes easy.

➤ **To improve customer relations**

As we know, salespersons have to spend most of their time on road to sell the products but if the sales territory is designed in a proper way, the salesperson can spend more time with the customers (present and potential). This helps in building rapport and understanding the needs better.

Sales of a company can increase when a customer receives regular calls and the salesman has to visit the customers on the basis of calls. The salesman and the customer get time to understand each other and resolve their issues regarding demand and supply. This also helps in increasing the brand value of the company.

➤ **To reduce sales expenses**

Once the geographical areas are decided, the company gets a proper picture as to the areas that can be assigned to the salespersons. He/she needs to cover that area so that there is no duplication of work by sending two salespersons in the same area.

The selling cost of the company gets reduced and leads to increase in profits. There is also an advantage to the salesperson for few travels and overnight trips.

➤ **To improve control of the sales force**

The performance of a salesperson can be measured on the basis of calls made to customers, the routes taken and the schedules. In this case, the salesperson cannot deny if the results are not positive.

The salesperson has to work on the same routes, schedule and everything is predetermined. This results in better control of the sales force.

➤ **To coordinate selling with other marketing functions**

If the sales territory is designed properly, it helps the management to perform other marketing functions as well. It is easy to perform an analysis on the basis territory as compared to the entire market.

The research done by the management on marketing on territory basis can be used to set sales quotas, expenses and budgets. The results can be satisfactory if the salesperson helps in advertising, distribution and promotion when the work is assigned on territory basis instead of the market as a whole.

Procedure to set sales territories

1. Selection of Basic Geographical Control Unit:

Basic units are smallest part of sales territories. A sales territory is formed by combining a number of basic units. The basic units are also called basic geographical control units. The selection of basic geographical control units is an important step in establishing sales territories. Care should be given in selecting these units to reasonable size so as to achieve economy. At the same time, it is necessary that the units should homogenous. The basic units may be a country, state, district or a trading area.

For the goods which are sold internationally, every country may be a geographical control unit, such as for the sale of tea, coffee, sugar, petrol, arms and ammunition etc. A country may be subdivided on the basis of States, as geographical control units. Among the states themselves, differences in areas, population, transportation, resources, purchasing power, level of development etc. are found. But the division of units on this basis is not suitable to a firm producing goods on large scale.

2. Determining Sales Potentials on the Basic Units:

The next step after selection of basic control units is to determine the sales potentials in the control units. For this purpose, the managers have to identify the present and prospective customers with certain information about sex, age group, likes and dislikes, requirements, standard of living, income, etc.

Thereafter, various other information about the markets such as competition, demands, etc. are gathered so as to forecast the potential sales in the basic geographical control units. For gathering the requisite information about the present and potential customers, services of field salesmen can be obtained and to forecast the potentials sales, helps from the top authorities, experts and statistical methods can be followed.

3. Combining the Basic Units into Tentative Sales Territories:

After ascertaining the sales potentials in control units, the planners should form tentative sales territories. For this purpose, the basic units are combined together so that the sales potentials may be converted into sales. At this level, sales territories are made tentative so that necessary adjustments could be possible in future on the basis of coverage problem. Care should be given to form optimum size of territories.

The number of territories may also be determined so that the size of sales force could be determined. The planners should also be given attention to the shape and structure of sales territories as sales expenses and sales coverage have direct relationship. Moreover on the basis of size of the sales territories, the traveling expenses of salesman can be minimized and can boost their morale.

4. Adjusting and Redistributing Sales Territories:

In this process, sales territories are given final shape by adjusting and redistributing the tentative territories. This adjustment is made keeping in view of sales potential and problem of coverage. At the same time care should be given that the sale expenses of each sale territory are uniform so as to establish formation of sound sales territories.

5. Assigning Sales Territories to Salespersons:

On determination of final form of sales territories after making necessary adjustment in tentative sales territories, the setting activity begins. For this purpose, suitable salesmen are appointed and each territory is assigned to the persons, keeping in view of the characteristics of each territory.

In addition to the salesmen, middlemen are also appointed, keeping in view of needs of each territory. With the help of salesman and middlemen, the sales procedure starts from each territory

Routing and scheduling sales persons

Routing and scheduling plans aim to maintain the line of communication, and to optimize sales coverage and minimizing wasted time. When the management knows the where-about, where the salespersons are in the field or at least knows where they are the present time, it is easy to contact them to provide any needed information or last minute interactions.

The most important advantages of routing and scheduling are:

1. Routing and Scheduling Plans Improve Better Sales Coverage:

The mechanics of setting up a routine plan are easy, not in working out the plan, detailed information is needed on the numbers and location of customers, the need and methods of transportation. Connecting the customers' locations, and desired call frequency rates. The route or routes to cities and towns or trading area boundaries, finally laid out should permit the sales person to return home at least on weekends.

2. Fixation of Call Frequency Rate:

The route planner considers the desired call frequency rate for each customer in the route. The call schedule is a part of setting up the route. In most cases, however, making up the call schedule is more important than planning the route. By using itinerary, maps, the planner identifies the locations of each and every customer, and prospect group, and reconciles the route with these locations.

3. Reduce Wastage of Time:

The most important advantage of routing and scheduling is that they reduce wasted time by sales personnel. Much back tracking, travel time and other non-selling time is saved, and scheduled call frequency is to fit according to customers' needs.

4. Advance Appointment with the Customers/Prospects:

In scheduling, some firms not only designate the customers to call upon each day but present the time of day to make each call. Detailed scheduling is coupled with a system for making advance appointments with the customers or prospects. Companies not using scheduling plans usually suggest advance appointments. For effective sales scheduling, the scheduler needs current information on time required for each call.

5. Assists Sales Management for Closer Control:

Routing and scheduling plans assist sales management in obtaining closer control over sales personnel's movements and time expenditures. Any routing or scheduling plan should have frequent checking to detect needed adjustments. Call reports are compared with route and call schedules to determine whether plans are followed. Variations or discrepancies are observed and sales personnel are asked for explanation.

Thus, setting up sales territories facilitates the planning and control of sales operations. Well-designed territories assist to improve market coverage and consumer service, reduce selling expenses ratios, secure coordination of personal selling and advertising efforts, and improve the evaluation of personal performance.

Marketing Cost Analysis

Marketing Cost Analysis is a way of assessing full costs associated with any marketing campaign. It is designed to provide a comprehensive breakdown of all the costs associated with a new marketing campaign

A good marketing cost analysis should include not just the monetary costs (including indirect costs, such as shipping and taxes), but also the cost of energy, focus and time. These intangible costs can be much harder to evaluate but are vital when determining the overall value of a campaign.

Steps involved in Marketing Cost Analysis:

1. Assigning the marketing costs to the various functions of marketing.
2. Analyzing the costs function by function.

Components of marketing costs:

- Physical distribution
- Inventory costs or costs of holding stocks
- Channel costs or costs of remunerating and administering the marketing channels.
- Selling/sales administration costs
- Promotion costs
- Cost of credit extended
- Cost of marketing information and marketing research

3. Assigning the functional expenses to the various marketing entities,

- Each product
 - ✓ By brand
 - ✓ By order size in each product
 - ✓ By stock turnover ratio of the respective product; expenditure for fast selling products and slow selling products
 - ✓ By the warehousing cost incurred by each product
- Each customer group
 - ✓ By customer type
 - ✓ By order size of customers purchases

- ✓ By the proportion of cash and credit sales in each customer type
 - ✓ By the mode/manner of delivery taken by customers
 - Each territory
 - ✓ By the selling expenses incurred by each territory
 - ✓ By the promotion expenses incurred by each territory
 - ✓ By the cost of credit incurred by each territory
 - ✓ By the rate of turn round of stocks in each territory
 - Each channel type
 - ✓ By the method of sale; direct to customer, or through wholesaler or retailer, or commission agent
 - ✓ By order size and order handling cost to the firm
 - ✓ By salesman; cost of sales calls, cost of orders booked, order to call ratio etc.
 - ✓ By price category and discount classification; cost incurred at each price category
3. Analyzing the cost entity by entity
 4. Examining the cost benefit position for each function, broken up over each entity.
 5. Determining what corrective action is needed

Unit-5

Sales Force Management

Recruitment and selection of sales force

Assessment of the job requirement – It all starts with a thorough analysis of whether the present team is being utilized to their full potential and if the new additions are really required for the company. If we're convinced that they are imperative for the team, then various strategies are devised for a gainful recruitment. A team can either have a newly created position or a replacement. Accordingly, proper planning and evaluation of the resource requirement leads to hiring of the right person for the role and the team.

Development of the position description– A position or job description (JD) is the core of a successful recruitment process. It is used to develop interview questions, evaluations and reference check questions. A well-written JD outlines responsibilities and qualifications to attract the best suited candidate.

Attracting the right talent to work with us – If we have done a good job of developing the sources and search methods, vacancy intimation soon results in a flood of applications and thereby the candidate pool is created. Media can also play an important role in attracting the right candidates where media refers to the source of any recruiting message example employment exchange, advertisements in business magazines, as well as the organization's networks and contacts. Recruitment plan elements for sales include:

- ❖ Posting Jobs.
- ❖ Placement Goals.
- ❖ Advertising Resources.
- ❖ Diverse Agencies.
- ❖ Resume Banks.

Screening from the candidate pool – As per the criteria that are set for selection, the best CVs are selected from the CV Bank, and we now remove those applicants who are visibly underqualified. Effective screening saves a great deal of time and money and we ensure that potential candidates are not lost. Screening is done on the basis of external and internal sources – first preference is given to those coming through referrals and second preference is given to the candidates applying via job portals.

Choosing the right applicants – Selection is regarded as the most important function of the HR Department. It ensures the right number and right kind of people at the right place and at the right time. Out of the screened CVs, we now select the best ones that are the right fit for our sales profile – one who understands strategy, objectives, scope and work plan of sales department.

Interview– Interviews are now arranged as per the convenience of the candidates and the interviewers. The chairperson of the interview panel endeavors to find the most convenient time and date for the interviewee. The interview step is divided into various subsections as below:

- Preliminary Interview.
- Selection Test (depending upon position).
- Employment Interview.
- Background check.

Negotiation and selection commencement – Negotiating a new salary or a pay rise is always a delicate situation for HR professionals who are sitting at the other side of the fence in salary negotiations. The best time to open the door for negotiations is when a job offer is made verbally and before a formal written offer is sent to the future company employee. New salary negotiations can be a challenging experience for many new candidates, as they haven't yet got an opportunity to prove themselves and their worth to the company. Following successful negotiations, we roll out the offer letter.

Induction and onboarding –After an employee is selected and given an offer letter, induction, training and on-boarding steps are taken care of as soon as he/she joins, to familiarize the new joiner with the office environment, the team and the role he/she has to undertake.

Training the Sales Force

A. Individual training methods:

Individual sales methods are micro-level training methods designed from the angle of each salesman. These represent individualistic and highly personalized approach involving direct interaction between the trainer and the trainee.

Precisely, it is a rifle training approach. These methods are a must where sales-force to be trained is limited and needs individual intensive attention.

There are two such methods namely, on the job training and programmed instruction:

1. On the job training:

It is that method under which salesman is given the opportunity of observing and performing the selling job of a typical salesman. Keen observation and active participation are the tenets of learning on the job.

The trainee is observed while he is performing the job. The trainer corrects the trainee in case he has any pitfalls. This method being on the job is also known as field training.

2. Programmed instruction:

Programmed instruction or learning is a linear programme of instruction in which the total subject matter of training is broken down into certain chunks called 'frames' the numbered instructional units.

Each frame explains specific points, questions, problems and solutions. The trainee is expected to learn through these frames by solving the problems and then verifying them with the model answers or solutions. He repeats the frame till he gets correct solution or the answer.

B. Group training methods:

Group training methods are those that are employed in training the salesmen in group. Here, the trainees may be passive observers or listeners or can be active participants.

The most commonly used group training methods are:

1. Lectures.
2. Discussions.
3. Role playing.
4. Sensitive training.
5. Sales demonstrations.

1. Lectures:

Lectures by the trainers or the branch managers to a group of say 15 to 25 salesmen is the most common method of group training. Lecturing method is more suited to teach actual information; to be effective, lectures are to be properly planned, diligently delivered and valiantly validated. Current examples, visual aids, authentic information make lecturing interesting and inspiring.

The special merits of a lecture as a method of sales training are saving in time, economy, ability to reach large group and comprehensive and organized penetration of the training material to the trainees. However, it is one way approach where trainees are passive listeners or observers.

2. Discussions:

Discussions are possible in sales training conferences. These work best in training the experienced salesmen. These can be group discussions and panel discussions. In case of group discussions 15 to 25 persons come together who are to exchange their ideas, pool experiences and work out solutions to the common problems.

The discussion matters include current selling problems such meeting price competition, meeting objections, closing sales handling claims, and adjustments and the like.

Group training discussions should be thoroughly planned to ensure due success. As far as possible allow only experienced salesmen and keep attendance voluntary.

On the other hand, in case of panel discussion, there will be a leader and four to six salesmen on the panel who follow planned discussion of a sales problem in response to questions set by the leader.

The leader presents and explains the sales problem, calls upon each member of the panel by rotation to comment. He closes the discussion and summarizes the views of the panel.

3. Role playing:

Role playing or sales dramatization is another excellent method of training a group of salesmen.

Under the method, the trainer and another salesman or salesmen working together assume and play the roles of say salesman and different types of buyers, showing the most effective method of demonstrating, clearing doubts or making complete sales presentations.

The criticisms and comments by the trainer and the members are dramatized to look like real-life situation. Usually, the situations are unrehearsed and the skilful resistance on the part of opposing roles adds to realism and effectiveness of role playing.

Role playing can be assigned to trainee salesmen. It helps to develop skill and confidence through participation where he learns by doing.

4. Sensitivity training:

Sensitivity training method is perhaps the youngest of all methods. It belongs to 'T' Groups a highly participative learning method whose purpose is to improve trainee's skills in working with other people by increasing the ability to appreciate how others are reacting to one's own behavior, to gauge the state of relationships between others and carry out skill fully the behavior required by the situation.

In precise terms, it aims at making the trainees more sensitive to their environment and the customer's behavior. It involves role playing and interacting with other member trainees so as to increase the self ability to listen and understand the customer.

There will be post-role playing analysis in case of each role with reference to motives instincts, actions, proactions, reactions and other remarks with a view to find out the rationale behind other's behavior and suggest the ways to adjust to the same.

5. Sales-demonstrations:

Under this method, the trainer shows a salesman or group of salesmen how to present facts, meet competition, open interviews, answer objections and conduct demonstrations. Each salesman is expected to present information effectively about his company, products, policies and knowledge as to how to close the sales.

After the demonstration, the trainee salesmen may be asked questions to verify whether they have really understood the implications of the demonstration. This method of sales training cannot be effective as in case of role playing because, latter gives chance of fuller participation.

Sales force motivation

It's hard to keep tabs on all of your clients and stay motivated as a salesperson without the proper tools. Using a simple CRM like Base will keep you on track with your sales.

A motivated sales force can exceed your expectations for revenue and for profit. How do you motivate them to go above and beyond? Here are some ideas:

1. Foster a team environment
2. Coach and mentor them
3. Create some friendly competition
4. Listen to their pain points
5. Give them the tools they need to succeed
6. Show them the money and appreciation

1. Foster a team environment

Many companies find that a team mindset can provide great results. Do your sales people feel like a team or is everyone out there as a lone ranger? Even if the nature of your business requires people to work individually there is value in having a shared sales goal and business identity.

When people communicate, they can also begin to collaborate better. Senior salespeople can help junior salespeople. Sales conferences, group training, team meetings, team building events, and social gatherings can all help you foster a better team environment.

2. Coach and Mentor Them

Sales is an evolving role. Today it's not about just selling but about fostering relationships with customers. Foster relationships with your sales people and you'll get better results from them just like you will with your clients.

Coaching and training sales staff can result in significant improvement in results. People respond to individual feedback on performance. You may consider implementing one-on-one meetings on a monthly basis with all of your salespeople, for example. This is where you can give praise when it's due and help struggling salespeople overcome challenges as well.

3. Creating some friendly competition

Salespeople tend to be competitive by nature and motivated by money. Internal contests can inspire great results and can also be a great way to foster team collaboration, too. Regular contests can make a big difference in the mindset and the morale of your sales team.

4. Listen to their pain points

Regular sales staff meetings and individual one-on-one meetings can help address issues and problems that your salespeople are experiencing. Listen to your salespeople and act on their concerns. A happy and steam lined sales team leads to motivated and long lasting employees.

5. Give them the tools they need to succeed

Do you have outdated sales tools? Do your sales tracking, CRM, and order fulfillment tools help salespeople do their jobs or do they make life difficult or just add another step in their day? Upgrading to the sales right tools can help your staff become better at what they do. Your efforts of continuously improving processes in the company can translate to a salesperson being able to continuously improve his or her results.

6. Show them the money and appreciation

Recognize excellence with compensation. You can do this with cash, gifts, plaques of appreciation, and so on. This probably seems pretty obvious but how long has it been since you reviewed your company's compensation plan? Is it considered competitive for your industry? Are you rewarding the performers and inspiring those who are struggling to try a little harder? Regularly review compensation and incentives to make sure you continue to inspire people through rewarding excellence.

Whether you implement some of these suggestions or all of them, continually working to motivate your staff can yield some great results!

Sales force compensation

1. Straight Salary

Straight salary sales compensation plans aren't very common, but they do have a place in some organizations. With this type of structure, you'd pay your sales people a straight—albeit competitive—salary like all of your other employees, and nothing else. No bonuses, no commissions, and few, if any, sales incentives.

2. Salary plus Commission

Salary plus commission sales compensation plans are possibly the most common plans used today. They're structured in a way that sales people receive a lower base salary along with commission pay that makes up the majority of the total compensation.

3. Commission Only

Commission only sales compensation plans are exactly what they sound like—you pay your sales people for the sales they bring in and nothing else. There is no guarantee of income.

4. Territory Volume

Territory volume sales compensation plans are most often used in team-based corporate cultures. They work through the calculation of territory volume at the end a compensation period. The total sales for the territory are then split equally among all of the sales reps who worked that territory. This plan works best when your sales territories are clearly outlined, when your sales team supports each other to reach common goals, and when your territories are rich enough to support competitive wages.

5. ProfitMargin

Last but not least, we have profit margin sales compensation plans. These plans compensate sales people based on how well the company is performing. Profit margin plans are most often used by startups that have a lack of liquidity. It's best to use the profit margin plan if you know that your sales people are able to support themselves through your lean periods, when you can also incorporate long-term incentives such as stock shares, and when you have other incentives and job benefits to attract sales people, such as flex time.

Sales force control and evaluation

Sales force control

Sales force control involves measuring sales force performance, comparing it with standards, detecting deviations and causes, and, if necessary, taking corrective actions so that performance takes place as per plan.

Sales force evaluation is the comparison of salesforce objectives with results.

Objectives of sales force control

- Profit contribution
- More Market share
- Customer satisfaction
- Better Customer service
- Minimize Expenses

Sales force controlling process

1. Setting Sales Force Standards

- Company
- Regions
- Products

- Salespeople
- Accounts Revenues

2. Measuring Actual Sales Force Performance
3. Comparing Actual Performance with Standards
4. Correcting Deviations and Taking Follow-up Actions

Sales Force Controlling Methods:

Several methods are used for controlling sales force efforts. Methods depend on areas, criteria, or aspects used for measuring and comparing. In every method, the same steps are followed.

Widely practiced methods include:

1. Establishing sales territories
2. Allocating of sales quota
3. Maintaining continuous contact with salesmen
4. Determining authorities and rights of salesmen
5. Routing and scheduling sales personnel
6. Salesmen's reporting
7. Complaint and objection notes
8. Analyzing sales expenses
9. Observation and visits or field trips