

Global Marketing

WARREN J. KEEGAN MARK C. GREEN

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Edition

Sales Promotion, Personal Selling, and Special Forms of Marketing Communication

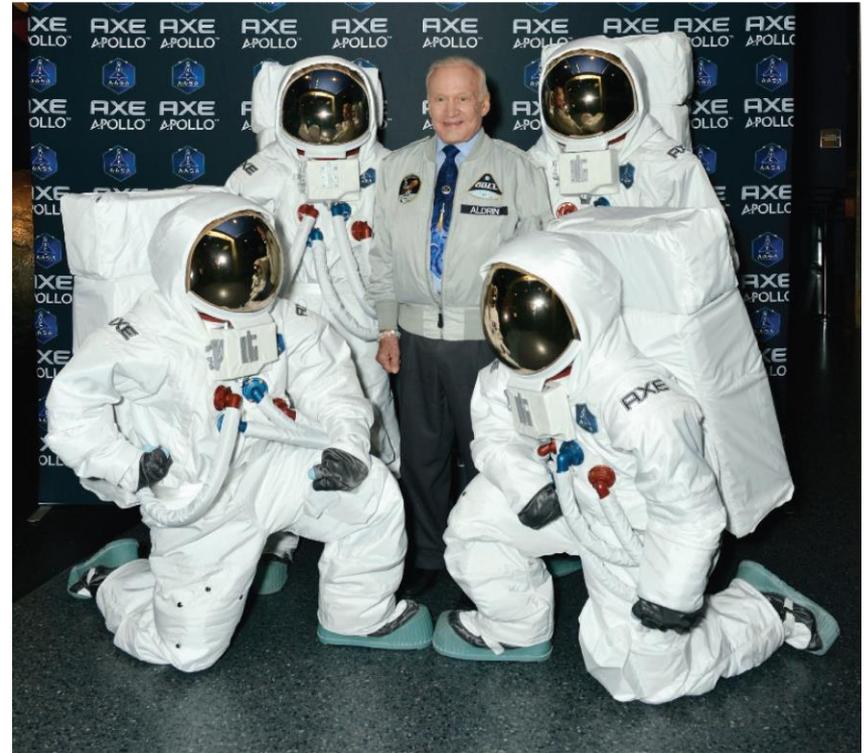
Chapter 14

Learning Objectives

1. Define *sales promotion* and identify the most important promotion tactics and tools used by global marketers.
2. List the steps in the strategic/ consultative selling model.
3. Explain the contingency factors that must be considered when making decisions about sales force nationality.
4. Explain direct marketing's advantages and identify the most common types of direct marketing channels.
5. Identify special forms of marketing communication and explain how global marketers integrate them into the overall promotion mix.

Sales Promotion

- Sales promotion refers to any paid consumer or trade communication program of limited duration that adds tangible value to a product or brand
 - Price vs. non-price promotions
 - Consumer vs. trade promotions



Axe Apollo featured astronaut Buzz Aldrin in promoting a free trip to space for 22 lucky winners.

Sales Promotion

- Provide a tangible incentive to buyers
- Reduce the perceived risk associated with purchasing a product
- Provide accountability for communications activity
- Provide method of collecting additional data for database

Sales Promotion: Global or Local

- In countries with low levels of economic development, low incomes limit the range of promotional tools available
- Market maturity can also be different from country to country
- Local perceptions of a particular promotional tool or program can vary
- Local regulations may rule out use of a particular promotion in certain countries
- Trade structure in the retailing industry can affect the use of sales promotions

Sampling

- Sampling
 - Provides consumer with opportunity to try product at no cost
 - May be distributed in stores, in the mail, through print media, at events, or door-to-door
 - Kikkoman soy sauce launched a sampling program in supermarkets in the U.S.; today the U.S. contributes 85% of profit from international operations

Coupons

- Coupons
 - Printed certificates entitle the bearer to a price reduction or some other special consideration for purchasing a particular product
- Coupons accounts for 70% of consumer promotion spending in the U.S.
- Free-standing inserts, in-pack, on-pack, cross coupons

Social Couponing

- Hot online trend
- Groupon is industry leader
 - Deals are made with local retailers with Groupon taking a percentage of proceeds
 - Grown from 1 country to 35 mainly through acquisition
 - 40 million users in 48 global markets by 2012
 - Over 50% of users are in Europe, 33% in U.S.
 - Founders rejected Google's \$6 billion takeover offer

Sales Promotions

Company/Country Market for Promotion	Promotion
Unilever/Global	In a contest in 45 different languages covering 60 countries, marketers for Axe Apollo invited consumers to fill out an “astronaut profile.” Twenty-two finalists will have the opportunity to travel into space on the Lynx suborbital airship.
Walt Disney Company/ China	To fight counterfeiting, the “Disney Magical Journey” promotion was keyed to mail-in hologram stickers on genuine Disney products. Participants could win Disney DVDs, TV sets, and trips to Hong Kong Disneyland.*
Mars/Global	The Global Color Vote promotion invited consumers in 200 countries to vote on whether a new M&M candy should be purple, aqua, or pink. Purple won.
Guinness/Worldwide	The “Arthur’s Day” concert series honored the 250th anniversary of the birth of Arthur Guinness, founder of the Dublin, Ireland–based Guinness brewery.

Sales Promotion: Issues and Problems

- Fraud
 - Pepsi promotion with Apple
- Regulations vary by country
- Cultural dispositions to coupons and other sales promotions
 - Malaysians see coupon usage as embarrassing
 - Islam frowns on gambling so sweepstakes may not work

Personal Selling

- Person-to-person communication between a company representative and a prospective buyer
- Focus is to inform and persuade prospect
- Short-term goal: make a sale
- Long-term goal: build a relationship

Personal Selling Hurdles

- Political Risks – unstable or corrupt governments change the rules for the sales team
- Regulatory Hurdles – Governments can set up quotas or tariffs that affect the sales force
- Currency Fluctuations – increase and decrease in local currencies can make certain products unaffordable
- Market Unknowns – lack of knowledge of market conditions, the accepted way of doing business, or positioning of the product may derail the sales team's efforts

The Strategic/Consultative Selling Model

Evolved in response to:

- Increased competition
- More complex products
- More emphasis on customer needs
- Long-term relationships

Place	Promotion
Product	Price

Strategic/Consultative Selling Model	
<i>Strategic Step</i>	<i>Prescription</i>
Develop a Personal Selling Philosophy	<input type="checkbox"/> Adopt Marketing Concept <input type="checkbox"/> Value Personal Selling <input type="checkbox"/> Become a Problem Solver/Partner
Develop a Relationship Strategy	<input type="checkbox"/> Adopt Win-Win Philosophy <input type="checkbox"/> Project Professional Image <input type="checkbox"/> Maintain High Ethical Standards
Develop a Product Strategy	<input type="checkbox"/> Become a Product Expert <input type="checkbox"/> Sell Benefits <input type="checkbox"/> Configure Value-Added Solutions
Develop a Customer Strategy	<input type="checkbox"/> Understand Buyer Behavior <input type="checkbox"/> Discover Customer Needs <input type="checkbox"/> Develop Prospect Base
Develop a Presentation Strategy	<input type="checkbox"/> Prepare Objectives <input type="checkbox"/> Develop Presentation Plan <input type="checkbox"/> Provide Outstanding Service

Strategic/consultative selling evolved in response to increased competition, more complex products, increased emphasis on customer needs, and growing importance of long-term relationships.

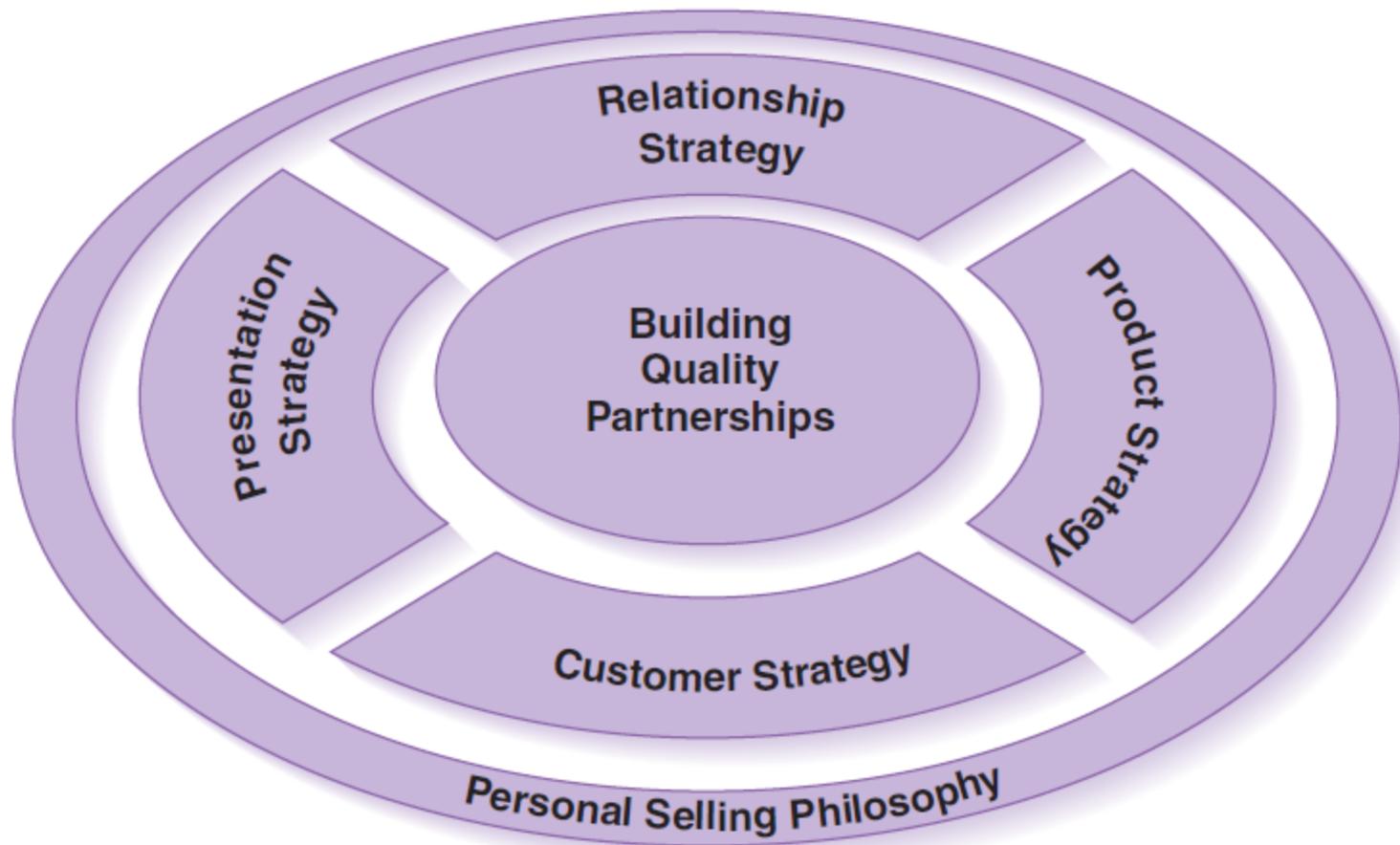
The Strategic/Consultative Selling Model

- Personal Selling Philosophy – commitment to the marketing concept and a willingness to adopt the role of problem solver/partner
- Relationship Strategy – game plan for establishing and maintaining high-quality relationships with prospects/customers
- Product Strategy – plan that can assist the sales representative in selecting and positioning products to satisfy customer needs

The Strategic/Consultative Selling Model

- Customer Strategy – plan that ensures that the sales professional will be maximally responsive to customer needs
- Presentation Strategy – consists of setting objectives for each sales call and establishing a presentation plan to meet those objectives

The Strategic/Consultative Selling Model



The Presentation Plan

- Approach
- Presentation
- Demonstration
- Negotiation
- Close
- Servicing the sale

Approach & Presentation

Approach

- Initial contact with the customer/ prospect
- Must completely understand the decision-making process and the roles of each participant

Presentation

- Prospect's needs are assessed and matched to the company's products
- The style and message of the presentation must be tailored to the audience

Demonstration & Negotiation

Demonstration

- Salesperson has the opportunity to tailor the communication effort to the customer
- Can show how the product can meet the customer's needs

Negotiation

- Ensures that both the customer and the salesperson come away from the presentation winners

Close & Servicing the Sale

Close

- Ask for the sale
- Must be culturally sensitive

Servicing the Sale

- To ensure customer satisfaction
 - Implementation process must be outlined
 - Customer service program established

Sales Force Nationality

- Expatriates
- Host-country nationals
- Third-country nationals
- Other options

Expatriates

- **Advantages**

- Superior product knowledge
- Demonstrated commitment to service standards
- Train for promotion
- Greater HQ control

- **Disadvantages**

- Higher cost
- Higher turnover
- Cost for language and cross-cultural training

Host-Country Nationals

Advantages

- Economical
- Superior market knowledge
- Language skills
- Superior cultural knowledge
- Fast implementation

Disadvantages

- Needs product training
- May be held in low esteem
- Language skills may not be important
- Difficult to ensure loyalty

Third-Country Nationals

- **Advantages**

- Cultural sensitivity
- Language skills
- Economical
- Allows regional sales coverage

- **Disadvantages**

- May face identification problems
- May be blocked for promotions
- Income gaps
- Needs product and/or company training
- Loyalty not assured

Other Options

- Sales agents
- Exclusive license arrangements
- Contract manufacturing or production
- Management-only agreements
- Joint ventures

Special Forms of Marketing Communications

- Direct Marketing
 - Direct mail
 - Catalogs
 - Infomercials, teleshopping
- Event Sponsorship
 - Concerts, sporting events
 - Product placement in movies
- Internet Communications

Direct Marketing

- Any communication with a consumer or business recipient that is designed to generate a response in the form of:
 - An order
 - Request for further information
 - A visit to a store or other place of business

One-to-One Marketing

- Building from Customer Relationship Management
 - Identify customers and accumulate detailed information about them
 - Differentiate customers and rank them in terms of their value to the company
 - Interact with customers and develop more cost efficient and effective forms of interaction
 - Customize the product/service offered to the customer

Direct Marketing vs. Mass Marketing

Direct Marketing

Marketer adds value (creates place utility) by arranging for delivery of product to customer's door.

Marketer controls the product all the way through to delivery.

Direct-response advertising is used to generate an immediate inquiry or order.

Repetition is used within the ad/offer.

Customer perceives higher risk because product is bought unseen. Recourse may be viewed as distant or inconvenient.

Mass Marketing

Product benefits do not typically include delivery to customer's door.

Marketer typically loses control as product is turned over to distribution channel intermediaries.

Advertising is used for cumulative effect over time to build image, awareness, loyalty, and benefit recall. Purchase action is deferred.

Repetition is used over a period of time.

Customer perceives less risk due to direct contact with product. Recourse is viewed as less distant.

Advice for U.S. Direct Marketers Going Global

- The world is full of people who are not Americans. Be sure not to treat them like they are.
- Like politics, all marketing is local. Just because your direct mail campaign worked in Texas, do not assume it will work in Toronto.
- Although there may be a European Union, there is no such thing as a "European."
- Pick your target, focus on one country, and do your homework.
- Customers need to be able to return products locally or at least believe there are services available in their country.

Direct Mail

- A vehicle for delivering a personally addressed offer to a prospect targeted by a marketer
- Popular with banks, insurance co., other financial service providers
- U.S. direct mail lists are easy to rent; Europe and Japan lists are lower in quality
- Germans spend the most, \$500 per capita, in mail-order shopping

Catalogs



German supermodel Yvonne Catterfeld with Otto Catalog

- Catalog: magazine-style publication that features photographs, illustrations, and extensive information about a company's products
- U.S. 1/3 of world market, 17 billion mailed in 2008
- EU: Elimination of barriers has led to a boom
- Hong Kong and Singapore have efficient postal systems and highly educated consumers with credit cards

Infomercials and Teleshopping

- An **infomercial** is a form of paid TV in which a particular product is demonstrated, explained, and offered for sale to viewers who call a toll-free number on the screen
- In Asia, infomercials make \$100s of millions in sales. Low penetration rates of private phones, credit cards & delivery issues create difficulties
- Teleshopping on channels like HSN and QVC is exclusively devoted to demonstration and selling

Interactive Television

- ITV allows viewers to interact with the programming content they are viewing
- In the U.K., more than half of pay-TV subscribers use ITV
- Remote controls have buttons to push to order products shown on screen

Outdoor Ad Spending as a Percentage of Total Ad Spending

Country	Percentage
France	11.7%
United Kingdom	5.8
Spain	5.4
Italy	4.3
Canada	4.2
United States	4.0
Germany	4.0
Worldwide	5.9

Sponsorships

- A company pays a fee to be associated with an event, team, athletic association, or sports facility
- Combines elements of PR and sales promotion
- Draws media attention

Product Placement

- Arranging to have the company's products and brand names appear in TV shows, movies, and other types of entertainment
- Marketers also lend or donate products to celebrities and other public figures
- Issue for Marketers: Once seen in a movie, products cannot be easily adapted to meet local market needs