

7.9: Marketing Strategy and Promotion

Learning Objectives

1. Understand the role of promotion in the marketing mix and its importance to a company.
2. Understand the different ways that a small business can promote its products or services.
3. Explain the differences and similarities in the marketing communications mix of online and onground businesses.

Promotion, the fourth P in the marketing mix, is now more commonly referred to as **marketing communications**. Marketing communications can be defined as “the means by which firms attempt to inform, persuade, and remind customers—directly or indirectly—about the products and brands they sell. In a sense, marketing communications represent the ‘voice’ of the company and its brands and are a means by which it can establish a dialogue and build relationships with consumers.”Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 470. Marketing communications are all about getting the word out about a company’s products and services because customers cannot buy what they do not know about, and, in the process, creating more of a two-way relationship with customers than was typical of the more traditional notion of promotion. A further conceptual iteration is the term **integrated marketing communications (IMC)**, which is “the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program designed to maximize the communication impact on consumers, businesses, and other constituencies of an organization.”Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 380. Small-business owners should be familiar and comfortable with all three terms because at least one of them will be the basis of conversations with vendors, employees, and other businesses. However, from a small business management perspective, IMC should be the guiding philosophy for a company.

Prior to selecting and designing any communications, however, objectives must be established for the marketing communications program.

IMC Objectives

Every small business must decide what it wants to accomplish with its IMC plan. Although many IMC plans may be oriented toward a single objective, it is possible for a program to accomplish more than one objective at a time. The problem is that this may be confusing to potential customers. Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 393. IMC objectives can fall into seven major categories: increase demand, differentiate a product (stressing benefits and features not available from competitors), provide more information about the product or the service (more information seen as being correlated with greater likelihood of purchase), build **brand equity** (the value added to a brand by customer perceptions of quality and customer awareness of the brand), reduce purchase risk (important for new products and gaining new customers of current products), stimulate trial (to build new brands and rejuvenate stagnant brands), Adapted from Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 393–96. and brand recognition. As with all objectives, IMC objectives must meet the SMART (specific, measurable, achievable, realistic, and time-based) criteria that are described in [Section 7.2](#).

Marketing Communications Mix

The **marketing communications mix** for a small business, either pure-play or brick-and-click, will consist of some combination of the following major modes of communication: advertising, sales promotion, events and experiences, public relations (PR) and publicity, direct marketing, interactive marketing, word-of-mouth communication, and personal selling. Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 470. Each mode of communication has its own advantages and disadvantages, which should all be considered carefully before any final selections should be made.



Figure 7.9.1: The Marketing Communications Mix Source: Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 473.

Advertising

Advertising is “any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.” Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 472. Advertising is around us all the time—for example, ads are on television and radio, in newspapers and magazines, in train stations and on trains, on the sides and inside of buses, in public restrooms, in taxis, on websites, and on billboards. Ads can also be found in other places, and the locations are limited only by the creativity of the company placing the ads.

Small businesses must choose **advertising media** (e.g., radio, television, newspapers, billboards, the Internet, and magazines) based on its product, target audience, and budget. A local travel agency selling spring getaways to college students, for example, might post flyers on campus bulletin boards, run ads in the campus newspaper (for the students) and local newspapers (for the parents), and run ads on the college radio station. Examples of tried and true advertising media for small businesses include the yellow pages, newspaper and magazine advertising, direct mail, business cards, vehicle advertising, radio and cable television advertising, bench/bus stop advertising, local website advertising, e-mail advertising, eBay listings, community involvement, and cross-promotion (joining forces with other businesses). Susan Ward, “17 Advertising Ideas for Small Businesses,” *About.com*, accessed December 1, 2011, sbinfo.canada.about.com/od/advertising/a/17adideas.htm. Lane Blunt, “Small Business Advertising: Low Cost Flyers,” *Advertising @ Suite 101*, February 11, 2011, accessed December 1, 2011, lane-blunt.suite101.com/small-business-advertising-low-cost-flyers-a346278. Even advertising in the big leagues is not out of the question for a small business. *Salesgenie.com* decided to advertise during Super Bowl XLII in February 2008, choosing to risk major capital to connect with the huge Super Bowl customer base. The Street, “Small Shops Aim for Super Bowl Edge,” *MSN Money*, February 1, 2011, accessed December 1, 2011, money.msn.com/how-to-invest/small-shops-aim-for-a-super-edge-the-street.aspx.

Advertising on the Internet is also a consideration for the marketing communications mix of any business with a web presence. According to Lorrie Thomas, author of *Online Marketing*, Lorrie Thomas, *Online Marketing* (New York: McGraw-Hill, 2011), 157. online advertising “can rocket your web marketing into the stratosphere” if it is done correctly. If not done correctly, however, it will “blast a giant crater in your budget.” Online advertising includes the following entities: **banner ads** (image ads that range in size and technical capability); **e-mail advertising** (ads in newsletters, an ad in another company’s e-mail, e-mailing a list with a dedicated message, or a company advertising to its own customers with its own e-mail list); **news site advertising** (placing ads on news, opinion, entertainment, and other sites that the audience frequents); **blog advertising** (buying ads directly on popular blogs); **social media advertising** (advertising on sites such as Twitter, Facebook, and LinkedIn); and **affiliate marketing** (company A places an ad for its product on the site of company B; company A then pays company B an agreed-on fee when a customer clicks on the ad and buys something.) Lorrie Thomas, *Online Marketing* (New York: McGraw-Hill, 2011), 159–61. Another possibility is Google AdWords. A small business can promote itself alongside relevant Google search results and on Google’s advertising network. This allows a business to reach people who are already looking online for information about the products and services that a business offers. “Google AdWords: Advertise Your Business on Google,” accessed January 24, 2012,

accounts.google.com/ServiceLogin?service=adwords&hl=en<mpl=regionalc&passive=true&iffr=false&alwf=true&continue=https://adwords.google.com/um/gaiaau...&sourceid=awo&subid=us-en-et-bizsol

Video Link 7.9.1:

Attracting Consumer Attention through Advertising

Relating ads to the target market, making ads appealing, and including the element of surprise.



Advertising offers several advantages to the small business. For example, advertising is able to reach a diverse and geographically dispersed audience; it allows the seller to repeat a message many times; and it provides the opportunity for dramatizing the company and its products through the artful use of print, color, and sound. However, the audience does not feel obligated to pay attention or respond to an ad. Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 487. Whether the advantages of advertising outweigh the costs and disadvantages is something that must be decided by each small business.

Sales Promotion

Given the expense of advertising and the fact that consumers are exposed to so many advertising messages every day, many companies correctly believe that advertising alone is not enough to get people to try a product or a service. Enter lower-cost sales promotion techniques. **Sales promotion** refers to the variety of short-term incentives to encourage trial or purchase of a product or a service. Examples of commonly used sales promotions include contests, sweepstakes, coupons, premiums and gifts, product samples, rebates, low-interest financing, price discounting, point-of-sale displays, and frequent user or loyalty programs. Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 472; “Sales Promotion Strategy,” *Small Business Bible*, accessed December 1, 2011, www.smallbusinessbible.org/salespromotionstrategy.html. These promotions can be used by and offer several advantages to small businesses: Chris Joseph, “Sales Promotion Advantages,” *Chron.com*, accessed December 1, 2011, smallbusiness.chron.com/sales-promotion-advantages-1059.html.

- **Attracting new customers with price.** A reduced price could lure customers away from the competition. For example, a small electronics store that is competing with a large retailer could offer a discounted price on a popular cell phone for a limited time.
- **Gain community favor.** By offering a promotion that helps a worthy cause, you can create a good name for the business. Donate a portion of sales to the local food bank, buy clothing for the homeless, or donate to the local animal shelter to help pay veterinarian bills.
- **Encourage repeat purchases.** Rewards and loyalty programs can be very successful for small businesses. Coffee clubs are popular (buy so many coffees at the regular price and you get one cup free), but this approach can work for sandwiches at a deli, bags of bird food or dog food at the local pet store, shoe repairs at the local cobbler, dry cleaning services, and virtually any other kind of business.
- **Entice reluctant customers.** Giving away a free product or service is usually a good way to get people to try a product or a service for the first time, the hope being that it will lead to a purchase. However, the product or the service has to be good enough to stand on its own so that when the “free” unit is gone, the person will come back to buy.

- **Providing information.** It can be very effective if you run a promotion that helps provide information to potential customers to help them make a decision. This works especially well for products or services that are complicated or unfamiliar to customers, for example, software or product usage (particularly for business-to-business [B2B] customers), financial services, investment services, or estate planning. Free onground seminars or **webinars or webcasts** (seminars or presentations that are delivered online and that are typically an hour in length) can be very effective at gaining new customers or clients.

Sales promotions can be delivered to the customer in a variety of ways, such as snail mail (US Postal Service), in person, in local new newspapers and regional editions of national magazines, on television and radio, in e-mail, on websites, and in electronic coupons that are sent to a customer's mobile device. [Groupon](#) (see [Note 7.132 "Video Clip 7.19"](#)), which is described as the hottest thing in retail marketing right now, offers customers coupons at local businesses: everything from restaurants to spas to painting lessons to sleigh rides.

Video Clip 7.9.2:

Learn How Groupon Works!



A hot new source of coupons for local businesses.

Events and Experiences

Events and experiences are “company-sponsored activities and programs designed to create daily or special brand interactions.” Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 472. A small business could choose to sponsor a Halloween costume event for pets Jerry Robertson, “Secrets to Low Cost PR for Small Businesses,” *Yahoo! Voices*, February 14, 2007, accessed December 1, 2011, voices.yahoo.com/secrets-low-cost-pr-small-businesses-193968.html, or an entertainment event, such as a battle of the bands, to raise money for local scholarships. Participation in a local business fair could provide exposure for a product or a service and the opportunity to experience the product if that is possible. A local restaurant could participate in a chili competition. Factory tours and company museums, both of which can also be virtual, can offer great experiences for customers.

There are several advantages to events and experiences: Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 489. (1) A well-chosen event or experience can be very effective because the consumer gets personally involved. (2) Experiences are more actively involving for consumers because they are real time. (3) Events are not hard sell, and most consumers will appreciate the softer sell situation.

Events and experiences also tap into the importance of the customer experience, discussed in Chapter 6. Today, customers “want products, communications, and marketing campaigns to deliver experiences. The degree to which a company is able to deliver a desirable customer experience—and to use information technology, brands, and integrated communications and entertainment to do so—will largely determine its success.” Bernd H. Schmitt, *Experiential Marketing* (New York: The Free Press, 1999), 22, 24. By having special events, a small business will stand out from the rest, Jerry Robertson, “Secrets to Low Cost PR for Small

Businesses,” *Yahoo! Voices*, February 14, 2007, accessed December 1, 2011, voices.yahoo.com/secrets-low-cost-pr-small-businesses-193968.html, and they will create desirable publicity for the company.

Public Relations and Publicity

Public relations (PR) and **publicity** are designed to promote a company’s image or its individual products. Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 472. A small business can also use PR to clarify information in response to negative publicity. (Publicity usually being “an outcome of PR that is produced by the news media and is not paid for or sponsored by the business involved.”) Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 382. Traditional PR tools include press releases and press kits that are sent to the media to generate positive press on behalf of the business. A press kit, the most widely used PR tool, pulls together company and product information to make a good, solid first impression. “Developing a Press Kit for Your Small Business,” *AllBusiness*, accessed December 1, 2011, www.allbusiness.com/print/445-1-22eeq.html. (Be sure to print the company’s website address on everything.) A press kit can be particularly useful for small businesses, although the smallest of businesses may not see the need. Other common platforms include speeches, seminars (online and offline), brochures, newsletters, annual reports, charitable donations, community relations, and company magazines. Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 472. Increasingly, companies are using the Internet: interactive social media, such as blogs, Twitter, and Facebook; home-page announcements for specific occasions (e.g., messages of sympathy for the victims of a disaster); and e-mail.

Social media services such as [Google Alerts](#) and [TweetBeep](#) can be very helpful for managing a company’s reputation. **Reputation management** “is the process of tracking other’s opinions and comments about a company’s actions and products, and reacting to those opinions and comments to protect and enhance the company’s reputation.” Erica DeWolf, “Social Media Tools Should Be Used for PR,” *eMarketing & New Media*, May 4, 2009, accessed December 1, 2011, ericadewolf.wordpress.com/2009/05/04/social-media-tools-should-be-used-for-pr. Both services notify the business when the company name is mentioned. Addressing extremely negative comments immediately is very important for any small business with a web presence.

Most small businesses are not likely to have PR departments. Instead, there will be one person whose job includes—among many other things—PR and publicity. The key is for PR and marketing to work closely together so that “every piece of communication produced by the company speaks with one voice.” Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 444.

Getting publicity for a small business is usually free. Stories about events and experiences might be of interest to the media. One great idea is to have a group of people outside the business with positive picketing, holding signs such as “Low prices” or “Beware of friendly employees.” This was actually done by a small business, and it resulted in the business being on the front page of the local paper. Jerry Robertson, “Secrets to Low Cost PR for Small Businesses,” *Yahoo! Voices*, February 14, 2007, accessed December 1, 2011, voices.yahoo.com/secrets-low-cost-pr-small-businesses-193968.html.

Video Link 7.9.3:

Obtaining Publicity for a Business

Information and tips for small businesses.



PR and publicity tend to be underused by all businesses. However, PR and publicity should be particularly appealing to the small business because of the following three distinct qualities: Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 488–489.

- **High credibility.** News stories and features are more authentic and credible to readers.
- **Ability to catch buyers off guard.** PR can reach prospects who prefer to avoid salespeople and advertisements.
- **Dramatization.** PR has the potential for dramatizing a company or a product.

Direct Marketing

Direct marketing is the “promotion of a product from the producer directly to the consumer or business user without the use of any type of channel members.” Erica DeWolf, “Social Media Tools Should Be Used for PR,” *eMarketing & New Media*, May 4, 2009, accessed December 1, 2011, ericadewolf.wordpress.com/2009/05/04/social-media-tools-should-be-used-for-pr. Common direct marketing platforms include catalogs; direct mailing; telemarketing; television shopping; electronic shopping; fax mail; voice mail; blogs; websites; Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 473. e-mail; direct response radio, television, and Internet; Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 505. social media, such as Facebook and Twitter; and mobile devices. Because channel members are bypassed, direct marketing normally allows for greater profitability; perhaps more importantly, however, it can develop stronger brand loyalty with customers. Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 504.

Video Link 7.9.4:

What Is Direct Marketing?

A brief explanation of direct marketing.



Direct marketing is about using information to educate, establish trust, and build a company (or someone in it) as an authority. This can be accomplished in multiple ways, such as website copy, a one-time piece of direct mail, a series of articles that build on one

another, Lisa Barone, “Webcast: Direct Marketing for Small Businesses,” *Outspoken Media*, April 16, 2009, accessed December 1, 2011, outspokenmedia.com/online-marketing/webcast-direct-marketing-for-small-businesses. a webcast or webinar, or a blog. There is no one more qualified to educate the market about a need than a small business owner: “They’re the ones who will know their audience and what they’ll find unique, irresistible and compelling. They’re the best people to craft the message. Everything else in the organization can be outsourced, but the knowledge that a small business owner has about the people they serve, that can’t be replicated.” Lisa Barone, “Webcast: Direct Marketing for Small Businesses,” *Outspoken Media*, April 16, 2009, accessed December 1, 2011, outspokenmedia.com/online-marketing/webcast-direct-marketing-for-small-businesses.

Direct marketing offers several advantages to both the business-to-consumer (B2C) and B2B small businesses: Kris Carrie, “Advantages of Direct Marketing,” Article Dashboard, accessed December 1, 2011, www.articledashboard.com/Article/Advantages-of-Direct-Marketing/587894.

- **Flexible targeting.** A business can identify, isolate, and “talk” with well-defined target markets. This can translate into a higher conversion and success rate than if you tried to communicate with everyone in the mass market.
- **Customized messages.** Can be prepared to appeal to the addressed individual.
- **Up-to-date.** Messages can be prepared quickly.
- **Multiple uses.** Direct marketing can be used to sell, but it can also be used to test new markets, trial new products or customers, reward existing customers to reward loyalty, collect information for future campaigns, or segment a customer base.
- **Lower cost per customer acquisition.** The cost can be significantly less than other marketing methods.
- **Control and accountability.** Direct marketing offers great control and accountability than other marketing methods.
- **Swift and flexible.** Direct marketing is swift and flexible in achieving results.

Interactive Marketing

Interactive marketing refers to “online activities and programs designed to engage customers or prospects and directly or indirectly raise awareness, improve image, or elicit sales of products and services.” Philip Kotler and David Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 472. Everything is personalized and individualized—from the website content to the products being promoted. Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 558. The audience is engaged with the brand, with customers getting the chance to reshape and market it in their own unique way. Mike Yapp, “10 Best Interactive Marketing Practices,” *iMedia Connection*, January 9, 2006, accessed December 1, 2011, www.imediaconnection.com/content/7764.asp. Forrester Research forecasts that interactive marketing expenditures will reach \$55 billion by 2015, accounting for 21 percent of all expenditures on marketing. The greatest growth is projected to come from social media, with the next biggest growth sector being mobile marketing. Joe Mandese, “Forrester Revises Interactive Outlook, Will Account for 21% of Marketing by 2014,” *MediaPost News*, July 8, 2009, accessed December 1, 2011, www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=109381.

Common interactive marketing tools include e-mail, websites, online shopping, videos, webinars and webcasts, blogs, and social media such as Facebook and Twitter. Because e-mail, websites, online shopping, webinars and webcasts have been mentioned previously, the focus here will be on videos, blogs, and social media. Using online videos has become an increasingly popular strategy in small business marketing. Consumers are much more likely to visit a company after viewing its video, and they can be up to 40 percent more likely to make some sort of contact. Karen Scharf, “Small Business Marketing with Video,” *Business Know-How*, accessed December 1, 2011, www.businessknowhow.com/internet/videomarketing.htm. Online video content is becoming increasingly popular with avid Internet users, so a small business should consider creating a video for its website. The content can be created easily, and it can be posted on the company’s website as well as in other locations on the Internet (YouTube or on the company’s blog, for instance) to get more page views. Sean Rasmussen, “Using Online Videos to Increase Popularity,” *Aussie Internet Marketing Blog*, July 30, 2009, accessed December 1, 2011, seanseo.com/internet-marketing/using-online-videos. According to Ad-ology’s 2011 Small Business Marketing Forecast, 45 percent of US small businesses with fewer than 100 employees plan to use online video. This reflects the fact that small businesses are becoming increasingly savvy about how to use the Internet to market their products and services. Mike Sachoff, “Small Businesses Plan to Focus on Mobile Marketing and Online Video in 2011,” *SmallBusinessNewz*, January 18, 2011, accessed December 1, 2011, www.smallbusinessnewz.com/topnews/2011/01/18/small-businesses-plan-to-focus-on-mobile-marketing-and-online-video-in-2011. **Paul Bond Boots**, a small US maker of custom-made cowboy boots that are individually handmade to fit, features five really cool videos on its website. Recently, the company has turned to the Internet for most of its sales.

A **blog** “is a web page made up of usually short, frequently updated posts that are arranged chronologically—like a what’s new page or a journal.” Business blogs, as opposed to personal blogs, are used as a company communication tool to share a company’s

knowledge and expertise, build additional web traffic, connect with potential customers, develop niche markets, give the business a human face, help reputation management, and provide a free avenue for press releases. Lorrie Thomas, *Online Marketing* (New York: McGraw-Hill, 2011), 73–74. For an example, visit Michael Chiarello's blog at www.michaelchiarello.com. If his name is not familiar, he is the founder of NapaStyle, a high-end small business retailer with both an onground and online presence.

Blogs are fairly simple to set up, and they are a great way to keep website content fresh. However, even though small businesses hear much about blogs these days, creating one must be considered carefully. Blogs today “have evolved into multimedia communities where bloggers (and the blogging community) have grown in size, stature, and impact to eclipse all but the largest media outlets.” Lorrie Thomas, *Online Marketing* (New York: McGraw-Hill, 2011), 72. But this does not mean that it is essential for every small business to have a blog. Maintaining a blog takes a lot of time and energy—and then there need to be people to read it. After careful consideration, it may be better to focus a company's promotional efforts elsewhere.

Social media “generally refers to websites featuring user-generated content or material created by visitors rather than the website publishers. In turn, these sites encourage visitors to read and respond to that material.” Robbin Block, *Social Persuasion: Making Sense of Social Media for Small Business* (Breinigsville, PA: Block Media, December 2010), 2. Social media is changing the way that people communicate and behave. Social media outlets such as Facebook, LinkedIn, and Twitter are, among other things, driving purchases—and they should be seen “like a virtual cocktail party where all attendees can discuss [a company's] products, services, experiences, and new ideas.” Lorrie Thomas, *Online Marketing* (New York: McGraw-Hill, 2011), 99.

The top four social media networks are Twitter, Facebook, LinkedIn, and YouTube. This is true in general and for small businesses in particular. Lisa Barone, “Which Social Media Sites Are Most Beneficial?,” *Small Business Trends*, January 26, 2011, accessed December 1, 2011, smallbiztrends.com/2011/01/which-social-media-site-most-beneficial%E2%80%99.html. Overall, small businesses use social media sites for lead generation, monitoring what is being said about their businesses, keeping up with the industry, improving the customer experience, and competitive intelligence. Lisa Barone, “Which Social Media Sites Are Most Beneficial?,” *Small Business Trends*, January 26, 2011, accessed December 1, 2011, smallbiztrends.com/2011/01/which-social-media-site-most-beneficial%E2%80%99.html. Many small businesses in the B2B sector are already using social media for business as a resource, to engage in initiatives, or both. However, companies with more than one hundred employees are more active than smaller companies. Lisa Barone, “Study: How Are B2Bs Using Social Media,” *Small Business Trends*, November 25, 2009, accessed December 1, 2011, smallbiztrends.com/2009/11/b2bs-social-media-study.html.

Despite the hype surrounding social media, and the fact that many small businesses are already connected, small businesses must still consider the use of social media just as carefully as the other modes of marketing communications. Social media has not worked out well for some small businesses that have used it, so each business must decide what social media is expected to do for the company, and then it must be used well and strategically. When considering whether or how to factor social media into an IMC strategy, consider these words from Lisa Barone, cofounder and chief branding officer at *Outspoken Media*, “In 2011, if you're not using social media to gain attention over your competitors, you can bet they're using it to gain attention over you.” Lisa Barone, “Which Social Media Sites Are Most Beneficial?,” *Small Business Trends*, January 26, 2011, accessed December 1, 2011, smallbiztrends.com/2011/01/which-social-media-site-most-beneficial%E2%80%99.html. This will undoubtedly continue to be the case.

Video Clip 7.9.5:

Social Media



The top five things you should know about social media.

Personal Selling

A small business owner needs to connect with customers before a sale can take place. Sometimes personal selling is the best way to do that. **Personal selling**, “the process of communicating with a potential buyer (or buyers) face-to-face with the purpose of selling a product or service,” “Personal Selling,” *eNotes*, accessed December 1, 2011, www.enotes.com/personal-selling-reference/personal-selling-178681, is absolutely essential in the marketing communications mix of a small business. History has shown that the most successful entrepreneurs have been skilled salespeople who were able to represent and promote their companies and products in the marketplace. “Personal Selling,” *eNotes*, accessed December 1, 2011, enotes.com/personal-selling-reference/personal-selling-178681. It stands to reason that successful small business owners should have the same sales skills.

Although personal selling plays an important role in the sale of consumer products, it is even more important in the sale of industrial and business products. More than four times as many personal selling activities are directed toward industrial and business customers than toward consumers. John M. Ivancevich and Thomas N. Duening, *Business Principles, Guidelines, and Practices* (Mason, OH: Thomson Learning, 2007), 431. Regardless of the type of customer or consumer, however, the objectives of personal selling are the same: “Objectives of Personal Selling,” *KnowThis.com*, accessed December 1, 2011, www.knowthis.com/principles-of-marketing-tutorials/personal-selling/objectives-of-personal-selling.

- **Building product awareness.** A salesperson should educate customers and consumers on new product offerings.
- **Creating interest.** Because personal selling is a person-to-person, and often a face-to-face, communication, it is a natural way for getting customers and consumers to experience a product for the first time. Creating interest goes hand-in-hand with building product awareness.
- **Providing information.** A large part of the conversation with the customer focuses on product information.
- **Stimulating demand.** The most important objective of personal selling by far is persuading customers and consumers to make a purchase.
- **Reinforcing the brand.** Most personal selling focuses on building long-term relationships with customers and consumers. However, strong relationships can be built only over time, and they require regular communication.

Like all other forms of marketing communications, personal selling offers both advantages and disadvantages. On the plus side, personal selling is flexible and dynamic, providing companies with the best opportunity to tailor a message to satisfy customers’ needs. Personal selling’s interactive nature also makes it the most effective promotional method for building relationships with customers, particularly in the B2B market, and it is the most practical promotional method for reaching customers who are not easily reached through other methods. “Advantages of Personal Selling,” *KnowThis.com*, accessed December 1, 2011, www.knowthis.com/principles-of-marketing-tutorials/personal-selling/advantages-of-personal-selling. Personal selling can help a small business build strong, loyal relationships with customers and consumers.

On the minus side, the biggest disadvantage may be the negative perceptions that many people have of salespeople: pushy, annoying, slippery, and willing to do anything for the sale—whether legal or not. The reality, of course, is that most salespeople (unfortunately, not all) do not fit this stereotype. The successful salesperson is the person who focuses his or her efforts on satisfying customers over the long term as opposed to his or her own selfish interests. Also on the negative side is the high cost of personal selling. Personal sales contacts are very expensive, with the costs incurred (compensation plus sales support) whether the

sale is made or not. “Disadvantages of Personal Selling,” *KnowThis.com*, accessed December 1, 2011, www.knowthis.com/principles-of-marketing-tutorials/personal-selling/disadvantages-of-personal-selling. Then there are the costs of training the sales staff on product knowledge, industry information, and perhaps selling skills. “Disadvantages of Personal Selling,” *KnowThis.com*, accessed December 1, 2011, www.knowthis.com/principles-of-marketing-tutorials/personal-selling/disadvantages-of-personal-selling. Depending on the size of the company, small businesses will have varying numbers of salespeople, so some of the costs will vary as well.

The traditional sales process is typically seen as a series of six steps: John M. Ivancevich and Thomas N. Duening, *Business Principles, Guidelines, and Practices* (Mason, OH: Thomson Learning, 2007), 435; Philip Kotler and Kevin Lane Keller, *Marketing Management* (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 560–561; Dana-Nicoleta Lascu and Kenneth E. Clow, *Essentials of Marketing* (Mason, OH: Atomic Dog Publishing, 2007), 489–98.

1. **Prospecting and qualifying.** Locating potential customers who have a need for a product and the ability to pay for it. For example, prospects for a small electric motor company would be all the businesses that use small electric motors. Prospects can be found through a variety of sources, including current customers, trade directories, business associates, and newspaper or magazine articles.
2. **Preapproach.** It is important to learn as much about a prospect as you can. For example, you want to know about the prospect’s needs, attitudes about available products and brands, critical product attributes and benefits desired, and current vendor(s).
3. **Presentation and demonstration.** This is where the salesperson tells the product “story” to the buyer: the product’s features, advantages, benefits, and value. It is important not to spend too much time on product features because benefits and value will most directly influence the purchase decision. It is also important to ask questions and listen carefully to a prospect’s answers because they will provide valuable insights into the prospect’s needs.
4. **Overcoming objections.** You should expect customers to pose objections. The key to overcoming these objections is to maintain a positive approach, ask the prospect to clarify the objections, and respond to the objections by reiterating the major benefits of the product or the service and pointing out additional features, guarantees, service, and anything else that would address the objections.
5. **Closing.** This is when the salesperson asks the prospect to buy the product. The request can be direct, or the salesperson can encourage the purchase by using a trial closing approach like asking, “Would you like us to finance product A for you?” Closing the sale is understandably the most difficult step for many salespeople because of the fear that the prospect will say no.
6. **Follow-up and maintenance.** These activities are necessary for customer satisfaction and repeat business. They are key to establishing the strong long-term relationships that every small business desires and needs. The salesperson should schedule a follow-up call to ensure proper installation, instruction, servicing, and troubleshooting and resolution should any problems be detected. Always remember that unhappy customers will defect to competition—and they will spread negative comments about the company. Because it is much cheaper to retain an old customer than to obtain new ones, it is in a company’s best interests to provide good follow-up and maintenance services.

Although these steps are helpful as a way to summarize the kinds of things that are relevant to personal selling, the Internet has revolutionized the selling process. Thomas Young, “A Selling Revolution: How the Internet Changed Personal Selling (Part 1),” *Executive Street*, accessed December 1, 2011, blog.vistage.com/marketing/a-selling-revolution-how-the-internet-changed-personal-selling. The traditional process just described has become largely obsolete, with roles changing. Web searches and online content help prospective customers or clients do their own prospecting and qualifying. This eliminates the most time-consuming part of the traditional sales process. A company’s website becomes the first sales presentation and, as a result, is critical in moving a prospect toward a sale. In short, all employees must be fully integrated into web marketing because web marketing is the primary driver of the sales process. The more web-savvy you are, the greater the chances that your selling will beat the competition. Thomas Young, “A Selling Revolution: How the Internet Changed Personal Selling (Part 1),” *Executive Street*, accessed December 1, 2011, blog.vistage.com/marketing/a-selling-revolution-how-the-internet-changed-personal-selling.

Video Link 7.9.6:

Small Business Selling

An overview of personal selling.



KEY TAKEAWAYS

- Promotion and marketing communications are relatively synonymous terms.
- IMC is about pulling all the marketing communications together to convey a consistent message.
- Small-business owners should be familiar and comfortable with the terms *promotion*, *marketing communications*, and *integrated marketing communications (IMC)*.
- There are multiple categories of IMC objectives.
- The marketing communications mix for a small business will consist of some combination of advertising, sales promotion, events and experiences, PR and publicity, direct marketing, interactive marketing, and personal selling. This mix is applicable to both pure-play and brick-and-click businesses.
- There is a lot of hype about blogs and social media. They can be very effective, but they have not worked well for all small businesses that have used them. They should be considered carefully before inclusion in a company's IMC strategy.

EXERCISES

1. Frank's All-American BarBeQue has historically taken a very low-key approach to promoting the business, choosing to rely on word-of-mouth communication. Robert believes that Frank needs to increase the sophistication of the marketing communications. Design an IMC plan for Frank's BarBeQue. Keep the following in mind: (1) Frank's is a small business with a very limited IMC budget; (2) advertising in prime time and national television are not options; and (3) Frank's is selling both food and its BBQ sauces.
2. Choose two products or services that you purchased recently from small businesses, one from an online business and one from an onground business. The products should be different from those chosen for price. For each product or service, identify the various media that were used to promote the product or the service and analyze the marketing communications mix. Do you agree with the marketing communications mix that was used? What recommendations would you make for change? Adapted from David L. Kurtz, *Contemporary Business* (Hoboken, NJ: John Wiley & Sons, 2011), 488. *Tip:* If you are not sure whether an online business can be considered a small business, type in the name of the business plus "corporate HQ" into Google or your preferred search engine. The search should return results that include the number of employees. As long as the company has fewer than five hundred employees, you are all set.

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