

UNIT-III

PROMOTION

Contents to be covered in this topic

INTRODUCTION & METHODS

DETERMINANTS OF PROMOTIONAL MIX

PROMOTIONAL BUDGET

AN OVERVIEW OF PERSONAL SELLING

ADVERTISING & DIRECT MAIL

JOURNALS & SAMPLING

RETAILING & MEDICAL EXHIBITION

PUBLIC RELATIONS

ONLINE PROMOTIONAL TECHNIQUES
FOR OTC PRODUCTS

❖ INTRODUCTION

Promotion is any initiative undertaken by an organization to **promote an increase in sales, usage, or trial of a product or service**; initiatives not covered by marketing communication or promotion.



- Promoting products not only helps **the company to increase sales but it also helps to increase the life cycle of a product**. Furthermore, the product can survive and grow continuously beyond the saturation of the product in the market.
- **World Health Organization (WHO)** defines promotion as "all **informational and persuasive activities by manufacturers and distributors**, the effect of which is to induce prescription, supply, purchase and/or use of medicinal drugs".
- The main aim of any business is to **earn maximum profit** and this is possible only through maximum sales.
- Maximum sales can be achieved by using various techniques of sales promotion. Sales promotion includes; those **marketing activities, other than personal selling, advertising and publicity that stimulate consumers purchasing and dealer's effectiveness** such as; window display, shows and expositions, demonstrations and the like.



❑ METHODS

Based on the ways of talk, the promotional techniques can be categorized as follows

➤ Direct communication

- Offers **direct relationship with each client**. e.g. personal sales and direct marketing.

➤ Indirect communication

- Depends on **mass communication**.
- Same message is used for **prospective customers**.
- e.g. advertising, public relations and sales promotion.



✓ Techniques of Promotions

Free samples: Many pharmaceutical firms send their **medical representatives to the physicians for detailing and distribution** of free samples of their manufactured goods.



Trading stamps: The customer goes on collecting the stamps on his purchases. Once he has collected stamps of an adequate amount, he obtains a free product in exchange of his stamps. This technique induces customers to buy products from those retailers who offer such stamps.



Coupons: Coupon is a certificate that entitles its holder to a specified saving on the purchase of a specified product. **The holders of coupons can buy the product at a discount from the retailers.** The firm reimburses the retailers for the value of coupons collected by him from his customers.



Premium or bonus offer: In this technique, the firm offers a certain quantity of the **product free of cost on the purchases of a specified quantity of the product.** The premium offer is varied:

- (i) With pack premium
- (ii) A reusable container
- (iii) Free in the mail premium

With pack premium:

The **free product** is given along with product purchased by the customer:

One stainless steel teaspoon is inserted as free gift inside the 240 ml bottles of cough syrup.

A reusable container:

The product is packed in a container that has **utility for the customer after it is consumed:**

Ayurvedic Baidyanath Chyawanprash is available in attractive container which can be reused in the kitchen.

Free in the mail premium

A **free gift** is given to the customer on sending a proof of purchase: Cash memo or wrapper of the product.

Prize contests: The contest may be held for the customers, salesman and dealers. They are required to **write a slogan or complete a sentence about the utility of the product.** Attractive prizes are given for the best entries.

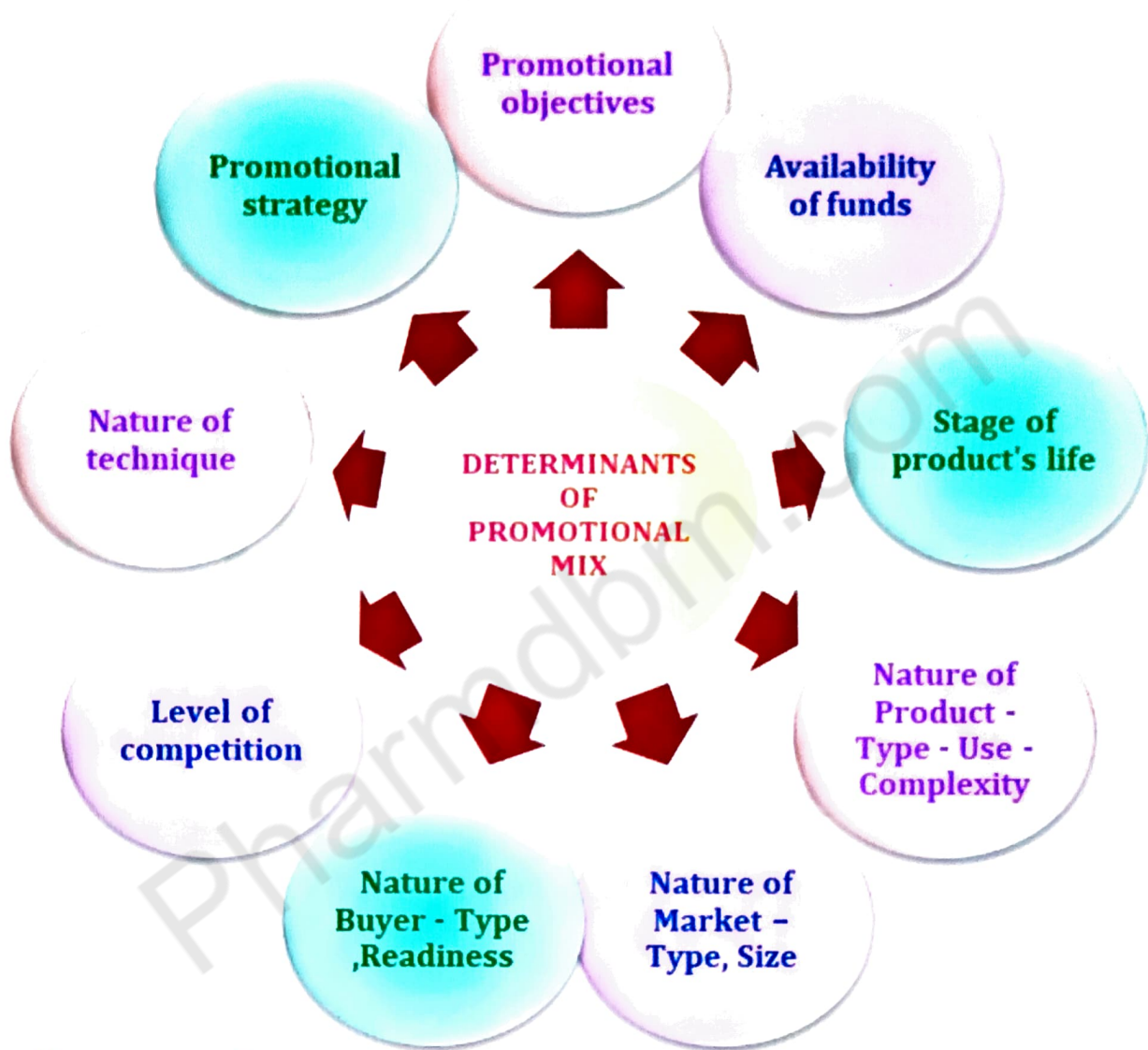
Fairs and Exhibitions: Fairs and exhibitions are **organized to display and popularize products of the firm.** For example, in various medical and pharmaceutical conferences, seminars, Science Congress, the pharmaceutical firm, and their allied industries participate in the exhibitions organized by their organising committee. On such occasions, the firm also distributes free literature to introduce itself and its products.

❑ DETERMINANTS OF PROMOTIONAL MIX

- Promotion is the key player of marketing mix that includes **4Ps i.e. Product, Price, Promotion and Place.**
- It makes a link between the **sellers and buyers** so as to influence or attract a potential buyer.
- The term '**promotional mix**' indicates a means **to do a business by delivering information of products or services** in terms of their benefits to the users.

Factors affecting Promotional Mix:

- **Promotional Mix:** It is the blend of numerous promotional activities i.e. advertising, personal selling, sales promotion, public relations and direct marketing which are used to build, maintain and upturn the demand for a product or a service.



Miscellaneous factors

- Price of product
- Type of marketing channel
- Desire for market penetration, etc.

➤ Nature of Product:

- Various promotional tools are used according to requirement (type) of the product. For example, **pre-sale and after-sale services** are needed to sell the industrial products i.e. **machines, equipment, or any working device.**

➤ **Nature of Market:**

- The strength and place of consumers significantly determine the promotion mix. For example, **small group of potential customers at specified locality** should be targeted by personal selling in an effective manner.

➤ **Stage of Product's Life:**

- During life cycle of the product, the promotion mix keeps changing. In initial stage, **promotion of primary demand is required based on quality and uses of the products** while at maturity stage the advertising and personal selling are focused to fulfill the demand of the customers.

➤ **Availability of Funds:**

- The marketing budget is the constraint for promotion mix. If there are **sufficient funds for the promotion, then number of promotional means** can be utilized. But in shortage of the funds the promotion mix should be used intelligently.

➤ **Nature of Technique:**

- Each component of the promotion considerably imparts its effect. For example, **sound effect in addition to colors can attract large number of customers** as these effects develop the long-lived memory of the product or service in the minds of the customers.

➤ **Promotional Strategy:**

- The promotion mix chiefly relies on the promotional strategy of the company. These can be of two types i.e. **Push Strategy** (convincing the potential buyers by direct contact) and **Pull Strategy** (attracting the buyers by branding).

➤ **Readiness of Buyer:**

- Depending upon the buyer's readiness, different means of promotion are needed. For example, **a mix of advertising and personal selling is suitable at the comprehension stage** while personal selling can be more useful at the conviction stage.

❑ PROMOTIONAL BUDGET

Amount of money/ fund that need to set aside in the beginning of financial year to **promote the products in a business or organization** is called **promotional budget**. This budget is been created in anticipation of essential costs associated with growth of a business or creating or maintaining brand. Methods use to determine the total promotion budget:

I. Affordable method: Most of the companies enroll the affordable budget method for determining the promotion budget. **It should be set up in a manner so that, company can afford to invest.** This is purely subjective method of assessment to pay more attention in the **long-term promotional services and need depends upon organization.** Enrollment of affordable budget method is very often results uncertainty in an annual budget and so, planning for long-term is difficult. This method also considers the role of promotion in volume of sales.

II. Percentage of sales method: This method of promotion expenditure is used to determine percentage of sales. The advantages of this method are:

- ✓ First, **expenditure on advertising is closely reflected in terms of sales.** So, the organization can easily decide to afford a percentage of sales to be spends on promotion.
- ✓ Second, this method helps to analyse the relationship between **sell price per unit and cost of promotion.**
- ✓ Third, this method **ensures stability** when competitors are also investing the equal percentage of sales on promotion.

III. Competitive-parity method: In this method, expenditure on advertisements of an organization is same as spent by competitors. In this methods, **organization follows the same policy like competitors to invest in promotion budget.**

- This method also based on the assumption that competitor's expenditure represents the judgment of the industry.

Since the promotion budget of one organization is in **equivalent with the competitor**, promotion war can be avoided. However like other methods, this method also has **certain limitations**. There is no guarantee that **competitors' budget of promotion gives collective prudence of the industry**.

IV. Objective and task method: In this type of method, marketers finalized budget for promotion by defining objectives, ascertain tasks to be performed **to achieve the objectives and estimate the cost for performing these tasks**. This is rational method because **it sets the promotion budget at the cost which is required to achieve the objective of the organization** and which may vary from organization to organization.

❑ AN OVERVIEW OF PERSONAL SELLING

The personal selling aims to make a friendly link with the buyer. A sales person connects with potential buyers of a product for improving the sale.

➤ Personal Selling and the Sales Force:

- Since ancient times direct marketing is being done using the **sales call for a defined area or a group of people**. To identify potential buyers and make the business, company has to work on a professional **sales force or representatives for personal selling**.



➤ Types of Sales Representatives:

The sales representatives may be at different positions based on their specified tasks for selling:

1. **Deliverer/delivery boy:** A person who does delivery of a product.
2. **Order taker:** A person sits or stands behind the counter as an inside order taker or he may be appointed for calling on store managers.
3. **Missionary:** A person who doesn't take an order but he tries to attract the actual or potential user as a medical "detailer".

4. **Technician:** A person who is having good technical knowledge and works as a troubleshooter to the clients.
5. **Demand creator:** A person who is appointed to create demand for selling products and/or services.
6. **Solution vendor:** A salesman with expertise of resolving issues (non-technical) of products and services.

➤ Six Major Steps in effective Selling

- Researching and stipulating** → Companies create traits and specify them by or phone to examine their weightage in terms of interest and financial assets.
- Pre-approach** → It is needed to identify the future needs, the manner of buying process, stakeholders, and nature of buyers and buying styles.
- Presentation and demonstration** → The sales person tells the product "story" to the word buyer, using features, advantages, benefits, and value approach.



- Overcoming objections** → Sales people must handle objections raised by buyers by maintaining a positive approach, asking buyers to clarify the objections.
- Closing** → Customers are asked to make their choices while finalizing the order, such as color or size, or indicate what the buyer will lose by not ordering now.
- Follow-up and maintenance** → To maintain trust and satisfaction in product and services, the representative needs to take follow up about delivery and feedback from the customer.

❑ ADVERTISING

- Advertising is a medium of information which tells people, **"Here is what we have got. Here is what it will do for you."**
- An art, used to **familiarize public with the product by informing of its description**, uses its superiority over other brands, sources of its availability and price, etc.
- Advertising is not merely propaganda but is a **paid form of communication**. Advertisers have to **pay for the space or time used to communicate** the message to his customers.



➤ Objectives of Advertising:

1. To create a **demand** for a new product by explaining its utility.
1. To increase its **sales** by attracting new customers.
2. To **maintain the existing demand** by fighting competition.
3. To **assist the salesmen** in their selling efforts.
4. To **warn the public** against imitation of the products of the firm.
5. To enhance **goodwill** of the firm.



➤ Advertisement and Pharmaceutical Industry:

Regarding advertising of pharmaceutical products, WHO has resolved:

- "The advertisement of pharmaceutical products should be truthful. There should not be any **wrong statement regarding its contents and their percentage**. It should provide full details regarding the actions and uses, **proprietary name as well as the generic name, dosage form, mode of administration, side effects and treatment of toxic effects, precautions and contraindications**".



The following methods are used for advertising pharmaceutical products:



❑ DIRECT MAIL

- In direct mail, **publicity message in various forms is sent to a specified person of a company**. In last couple of years, the direct mail campaigns have been increased largely.
- Expenditure on direct mail is now in billions a year amounting to a major part of expense of advertisement. **Companies pay a lot of money to maintain databases having details of potential customers.**
- Direct mail enhances the **effective use of resources to improve publicity** through a named person who is the key part of a target population. Personalized advertising improves business relationship with opportunistic increase in sales.
- E-mail provides **direct information to the customers and it is found to be quite productive means of selling products** or offering services.
- The rate at which they prompt purchase has been estimated to be at **least three times that of social media ads**, and the average order value is thought to be 17% higher.

- Many times, **customer spam the e-mails containing advertisement due to less interest or other reason**. Some firms ask consumers to say whether and when they would like to receive e-mails. E-mails must be timely, targeted, and relevant.

❑ JOURNALS

- A journal has a number of related meanings like a **compiled data of events or business, a newspaper**, which may be daily or weekly or academic publications in various issues of journals that **belong to science or non-science streams**, or the observed transactions of a firm.
- In short, a journal may be a **scholarly publication or a non-scholarly magazine for dissemination of intended information**. Journals can be a means to promotion of a **researched product or approved product** using journal flyers and advertisements on journals' homepage.
- Pharmaceutical journals are increasing day by day as research is being carried out to bring safe and effective product and service to satisfy patient needs. In India, **University Grant Commission (UGC) approves a list of journals in various streams and this list is revised as and when needed**.

❑ SAMPLING

- Samples are **"potential sales stock"** of the company. They must be used with care and definitive objectives. Samples have a **major influence on physicians' prescribing habits**.
- Providing free samples is a technique used to **introduce new products** to the market place.
- Samples give the consumer a chance to see **how well they like a product or try something** they otherwise would not normally buy.
- Sampling can be utilized in Samples appear to influence **marketing campaign including newspapers or multimedia advertising**.
- Studies which look at the impact of promotion on overall sales usually **show increased sales after promotional activities**.

- Pharmaceutical funding for doctors, such as **research funding, increases request for medicines made by these companies** to be added to hospital formularies.
- Drug company sponsorship influences the **choice of topics for continuing medical education** and the choice of research topics and the outcome of research.
- It leads to secrecy, **delay in publication for commercial reasons**, and conflict of interest problems for contributors to guidelines.
- Researchers often do not disclose funding from drug companies. **There can be different ways to promote pharmaceutical products** such as freebies and physician sample.
- Customers feel happy if they are given **free drug samples from doctors or physician**. Such samples become a valuable promotional input to improve direct marketing targeting the patients at no cost.

❑ RETAILING

- Retailing own **brands/generic brands** can bring more profits using **push strategy** through doctors and hospitals by providing free samples, sponsoring free treatment to patients.
- In Indian pharmaceutical marketing, **retailers are important mediator from the point of view of sales as well as distribution**. Retailer acts as a mediator to provide prescribed products by the Registered Medical Practitioner/doctors to the patient.
- So, it is important that prescribed products should be available with retailer so as to honor the prescription of the doctor or substituted by the chemist for long term.
- Besides this, **chemist is the good source of market information related to the prescription of company's product** and competitors' product, competitor's move, and stock position analysis, etc.
- Sales promotion can be utilized by a **manufacturer to distribution chain intermediaries or organizational buyers or retailers, or by a retailer to customers**.

- The retailing can promote sales in the following ways:
 - a) To encourage **competitor switch**.
 - b) To encourage **switch to bigger size**.
 - c) To encourage **physicians to switch to new formulations**.
 - d) To encourage **seasonality of demand**.
 - e) To improve **company image**.
 - f) To build **loyalty**.
 - g) To satisfy **physicians' price consciousness**.

❑ MEDICAL EXHIBITION

- Exhibitions can be defined in a **unified way with an advanced technology for carrying out business** effectively at national and international level.



- It offers a chance to **articulate feedbacks of clients and customers for identifying marketing opportunities**, competition of similar products and services, and to expand commercial infrastructures with new people including joint initiatives and partnerships.
- Exhibitions provide a **unique networking platform to both Indian and foreign participants**. They help in promotion, marketing and publicity efforts of participating companies.
- As a reliable media for **exchange of information, exhibitions are being globally recognized** as the apt medium for doing business now-a-days.
- In challenging environment, it is needed for all businesses to **exhibit more visibility, trustworthy services and growth of businesses**.
- This platform is good to **flourish the reputation and trust over the products and services at all stages of business**. Medical exhibitions have number of advantages are discussed here

Learn the new marketing tactics of your competitors:

- It gives a great opportunity to learn what your competitors are doing in terms of prices and special deals offered by your competitors, new sales strategies.

Make use of buying mood of customers

- There are chances that the attendees are already focused on your products or services, so take a direct sales approach and view every interaction as a chance to close the deal.

Develop and strengthen the brand

- Promotion by branding can make a business successful thus it is needed to create a good image of company's brand in the memory of visitors.

❑ PUBLIC RELATIONS

- Relationship matters to a **great extent for a constructive connection** of a company with their potential customers, suppliers, and dealers.
- It must also be tried to approach a **public taking interest in the products** or services.
- Public in the present context, is a **potential group of persons to whom company interest relies to attain its goals.**
- Public relations (PR) are built through different ways to **improve company's reputation in terms of product quality and services.**
- The wise company takes concrete steps to manage **successful relationships with its key publics.**
- PR department takes care of the **attitude of the organization and convey messages to create an image of high repute.** It also counsels the top management to learn good practices to build a positive image at very first service.
- It works for the major functions:
 - ✓ **Press relations:** Putting news and messages to reveal growth and good side of a company.
 - ✓ **Product publicity:** Promoting products and services by sponsoring events.
 - ✓ **Corporate communications:** Promoting understanding of the organization through internal and external communications.

- ✓ **Lobbying:** Making contact with advocates and other officials to protect or fight for any infringement or litigations.
- ✓ **Counseling:** Putting good suggestions in concern to public issues to maintain company's goodwill with considerations of all ups and downs.

❑ **ONLINE PROMOTIONAL TECHNIQUES FOR OTC PRODUCTS**

- The introduction of the **World Wide Web** has drastically emerged a new environment for building long term business. The revolutionary advances in **e-commerce are intended to ease of doing business.**
- Retailers as well as consumers can now place order for **OTC products comfortably from their home at any time.**
- Owning a website is now a crucial ingredient to the marketing mix strategy of a Company's Consumers can now **obtain instant information on OTC products to aid them in their crucial purchase decision.**
- This is a new facet in marketing, but taking grip in modern Indian market. **Advertisers have now moved their money over to the internet** as customers are on average spending more time online then watching TV.
- Popular ways to advertise seem to be **banners and pop ups.** The scope of analysis is at the product form level in **OTC sector.**
- The researchers have found some observations for the market change and these can be characterized at different stages in terms of;
 - ✓ Competition.
 - ✓ Similar products in market.
 - ✓ Mean price based on available products.
 - ✓ Targeted audience for promotion.
 - ✓ Plan of channelization.
 - ✓ Gross benefits for company.

For OTC medicines, marketing plans or strategies have to be formulated and implemented on the basis of **4P's of Marketing mix, Product, Pricing, Distribution (place) and Promotion**. The major issues are related with the above factors only as they raise many questions on **types of products, price of the product and distribution channel** for consumer interest in building marketing plans for OTC.

➤ **Product:**

- Strategies and regulations for OTC Product are required based on **Quality, Brand value and Packaging**, etc.
- Strategies dictate the manner in which the **product and market are defined**.
- Competitive tactics can be applied by **improving quality and characteristics** in the product.
- Laboratories like Ranbaxy laboratories has **quality generic product portfolio** as their prominent factor and GSK has highly researched quality therapeutic products.
- The product policy of **GSK is to offer high quality product** not only in therapeutics, but also in OTC Category.
- Products and services help a company in implementing its **strategy just like a strategy guide the formulation and implementation of product plans and policies**.

➤ **Pricing:**

- Pricing is a quite **decisive parameter** for OTC products as generics are commonly found at low price in the market and a **competition among different companies to least cost without compromising the quality of product**.
- Different price features such as **rebates, payment modes, cash back offers, and credit terms**, etc. decide pricing strategies and policies.
- There may be **high or low prices for the products** as decided by pharmaceutical companies.

➤ Place:

- Pharmaceutical distribution channel plays an important role in **implementation of marketing strategy.**
- Distribution strategies and regulations are intended to consider various problems in the **channels of distribution, means of transportations, electronic gadgets, and inventory** and storage management, and accessibility to the markets.
- Pharmacy companies marketing OTC products realize the importance of effective distribution network and hence **companies like Ranbaxy and GSK invest huge amount in maintaining the effective distribution network and retail.**

➤ Promotion:

- It is intended to **improve the marketing potential** of the company in terms of products image.
- There are various means of communication in pharmaceutical marketing at different stages right from advertising to point-of-purchase.
- Pharmaceutical companies like **GSK, Ranbaxy, Paras, and Novartis have effective OTC products** and markets also. For effective marketing, companies need skilled workforce.
- The marketing representative must have good **knowledge of product and USP of their products** as to convince the doctor and retailer.