

MM296 FINAL EXAM  
Products (Class 11)

**Complexity of Products and Types of Products:** non-physical aspects of the product, ex. *product warranties, financing, product support, after-sale service, Canada Goose lifetime warranty*

**Specialty Products/services:** customers show strong preference for (luxury cards, legal/medical professionals, other premium/designer brands)

**Shopping Products/services:** will spend fair amount of time comparing alternatives. *Sneakers, furniture, fragrance, appliances*

**Convenience Products/services:** Customer unwilling to spend any time to evaluate, no thought. *Common beverages, bread, soap*

**Unthought Products:** People do not normally think of buying. Due to their nature, they need lots of marketing/promotion. (Funeral services, fire extinguishers, newly invented tech like GPS systems)

**Product mix:** all products offered by a firm.

**Product line:** Groups of associated products.

**Product category:** Assortment of items consumer sees as substitute. Ex. *toothpaste vs whitening products, floss, oral first aid.*

**Product Mix Breadth:** number of products offered by firm

**SKUs:** smallest unit for inventory control. Ex. *Toothbrush SKUs are 100-mm clean mints, vs 2-1 whitening as a second SKU.*

**BREADTH:** Number of product lines offered by a firm (Iphone, Ipad, Mac)

**DEPTH:** number of categories within product line (Iphone11,iphone12,ip13)

**Increasing Breadth:** firms add new product lines to capture new markets.

*Adding ice cream brand for market demand*

**Decrease Breadth:** Delete product lines to address changing market condition.

*Removing ice cream brand to focus on chips*

**Increase Depth:** Add new product category to address changing consumer preferences. *Add new flavours for ice cream*

**Decrease Depth:** Delete product category to address consumer preferences

**Product Life Cycle** Introduction, Growth, Maturity, Decline

Introduction Growth Maturity Decline

Introduction: New to the world, No direct competitors. Growth: Demand is growing, No direct competitors. Maturity: Market is saturated, High level of change. Decline: Sales are dropping, Low level of change.

Profit: Sales, Profits, Typical Consumers, Competitors (number of firms and products)

Introduction: Sales, Profits, Typical Consumers, Competitors (number of firms and products)

Growth: Sales, Profits, Typical Consumers, Competitors (number of firms and products)

Maturity: Sales, Profits, Typical Consumers, Competitors (number of firms and products)

Decline: Sales, Profits, Typical Consumers, Competitors (number of firms and products)

**Services and Goods**

**4 I's of services:** Intangible, Inseparable from providers, Inconsistent (variable), cannot be held in Inventory (perishable)

**Intangible:** cannot be touched, tasted, etc. *Doctor servicing you, dentists.*

**Hard to promote,** so you employ symbols, etc. positive experiences

**Inseparable:** Cannot separate service and consumption. *Getting a haircut, may participate in the service process. The more control they allow in course of treatment, the more satisfied.*

**Inconsistent:** The more humans needed to provide a services, the more likely the service's quality will be inconsistent. *Hair stylist's mood, restaurant quality. Can use internet-enabled kiosks, training to reduce this.*

**Inventory:** Services are perishable if they cannot be held in inventory. *You can't stockpile a yoga class like you could a six-pack of beer. Service companies turn customers away in peak periods*

**Growth Strategies (Class 12)**

**Market Penetration Strategy:** Employs existing marketing mix and focuses on firms' efforts on existing customers. *Marvel focusing on expanding the distribution of films across Disney+, in grocery stores, etc.*

**Market Development Strategy:** Employs existing marketing offering to reach new market segments. *Marvel employs this strategy by releasing in domestic/international markets.*

**Product Development Strategy:** Offers a new product/service to a firm's current target market. *Marvel realizes that fans like binge watching, so they create Disney+ so that fans can binge watch and get new products.*

**Diversification:** Introduces a new product/service to market that is currently not served. **Related Diversification:** *Marvel introduces super-hero home decor decorations and lamp shades collectibles. Unrelated Diversification:* *Very risky, Marvel decides to open up a daycare service.*

**Developing New Products (Class 12)**

**Innovation:** Process by which ideas are transformed into new product/service Ex. *Steve Jobs developing iPhone as easy-to-use tool for phone, camera, etc.*

**Market Saturation:** The longer a product exists in the marketplace, the more likely it will be saturated. Need to dig into niches ex. *celiac disease*

**Managing Risk through Diversity:** The more products, the less chance of fail **Fashion cycle:** for industries relying on short product life cycles, most sales from new products. *Apparel, Arts, books, software*

**Factors Affecting Diffusion Speed**

Compatibility Factors Affecting Product Diffusion Observability

Relative Advantage Complexity and Triability

Innovators 2.5% Early Adopters 13.5% Early Majority 34% Late Majority 34% Laggards 16%

Time of Adoption of the Innovation

**Factors Affecting Diffusion Speed**

**Relative Advantage:** If product is perceived to be better, diffusion will be fast *Iphones wiping competition*

**Compatibility:** Different cultures diffuse different products. *Tims grows fast in Canada and the US, but in Japan and China it's difficult they like tea*

**Observability:** When products are easily observed, their benefits/uses are easily communicated to others, enhancing diffusion. *Youtube Campaigns, etc*

**Complexity and Triability:** Some products are easy to try. It's easier to try a new spray cleaner at the grocery store than it is to assess and test a new vacuum.

**Brands**

**Brands facilitate purchasing** often easily recognized by consumers, establish loyalty (consumers learn to trust certain brands) **Protect from Competition and Price Competition** (Many similar brands to Lacoste, but Lacoste has status, so premium price). **Reduce Marketing Costs** Word-of-mouth from Canada Goose people know what it is. **Are Assets** Can be legally protected through trademarks and copyrights, constitute a unique ownership. Rolex has to make sure there's no fakes **Impact Market Value** When brand uses value, can threaten other assets, because of loss of brand value.

**VALUE OF BRAND: EARNING POTENTIAL OF BRAND OVER 12 MONTHS**

**Brands Equity**

**Brand awareness** how many consumers in a market are familiar with the brand and what it stands for, and have opinion about it.

Brand Equity Brand Ownership Strategies Brand Name Strategies

Brand Awareness Potential Value Brand Associations Brand Loyalty Manufacturer Brand - Brand or Private Label - Generic Family Brand - Individual

**Perceived Value:** Relation between a product or service's benefits vs cost

**Brand Associations:** Toyota Prius is known for economical, Ferrari is fast

**Brand Ownership:**

**Generic products** are those sold without brand names **Private Label** (store Owned and managed by retailers) **Manufacturer Brands** Owned by manufacturer, majority of brands (Coca cola, Mountain Dew)

**Naming Brands**

**Family Brand:** Brand similar lines/products (e.g., Kellogg's Corn Flakes, Kellogg's Fruit Loops, Kellogg's Rice Krispies).

**Individual brand:** P&G makes Old Spice, Olay, Secret, CoverGirl Shampoo

**Brand Extension:** Colgate, Crest, and Butler all sell toothpaste, toothbrushes, and other dental hygiene products. Not all brand extensions are successful, however. **Brand dilution** occurs when the brand extension adversely affects consumer perceptions about the attributes the core brand is believed to hold

**Cobranding** marketing two or more brands together, on the same package or promotion. Visa and MasterCard pairing together

**Brand Licensing** contractual arrangement between firms, whereby one firm allows another to use its brand name, logo, symbols, and/or characters in exchange for a negotiated fee. *Toy manufacturer licensing Star Wars brand*

**Packaging:** attracts the consumer's attention, enables products to stand out from their competitors, and offers a promotional tool (e.g., "NEW" and "IMPROVED" promises on labels). Single use plastics bad.

**5 C's of pricing (Class 13)**

**Competition, Costs, Company Objectives, Customers, Channel Members** bring VALUE

**Company Objectives:** Walmart wants to be seen as a value-based company, so they use **everyday low pricing (EDLP)** Whereas Holt Renfrew's high prices reflect high fashion.

**Company Objective Examples of Pricing Strategy Implications**

Profit oriented Institute a company-wide policy that all products must provide for at least an 18 percent profit margin to reach a particular profit goal for the firm.

Sales oriented Set prices very low to generate new sales and take sales away from competitors, even if profits suffer.

Competitor oriented Set prices very low to discourage more competitors from entering the market. Set prices higher than competitors to signal higher quality or market leadership. Match competitor prices to show similar value.

Customer oriented Target a market segment of consumers who highly value a particular product benefit and set prices relatively high (referred to as premium pricing).

**Maximizing profits strategy** relies on economic theory. If a firm can accurately specify mathematical model that captures all the factors required to explain and predict sales and profits, it should be able to identify the price at which its profits are maximized.

**Regular Remand Curve**

Price \$ Quantity Demanded (00 000s)

Demand increases as price decreases

**Prestige Product Demand Curve**

Price \$000s Quantity Demanded (in 000s)

Demand increases as price decreases

**Prestige products or services** Consumers purchase for status rather than functionality. higher the price, greater the status/exclusivity, because fewer people can afford to purchase it.

**Price Elasticity of Demand:** changes in a price affect the quantity of product demanded.  $\text{Price elasticity of demand} = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$

the market for a product or service is **price sensitive (or elastic)** when the price elasticity is **less than -1**. It is **inelastic** when it is **greater than -1**.

**Cross-price elasticity:** percentage change in the quantity of Product A demanded compared with the percentage change in price in Product B. Ex. price of coffee pods dropped rapidly, the demand for single-serve coffee machines, such as Keurig and Nespresso, also increased rapidly.

**Factors influencing price elasticity of demand:** **Income Effect** As people's income increases, they shift their demand from lower to higher priced products. **Substitution effect** The greater the availability of substitute products, the higher the price elasticity of demand. **Price elasticity More on Costs (Class 14, think of econ)**

**Variable costs:** Costs (primarily labour and materials) that vary with production volume. Is expressed on a per unit basis. **Fixed Costs** Costs that are at the same level (rent, utilities, insurance, administrative salaries)

**Total Cost:** Variable + fixed costs

**Breakeven point:** When  $TR = TC$

(Selling price of each unit \* Number of units sold) = Total Costs

$\text{Break-even point (units)} = \frac{\text{Fixed Costs}}{\text{Contribution per unit}}$

$\text{Contribution per unit} = \text{price} - \text{VC per unit}$

**Cost-based pricing method** determine final price to charge by starting with the **cost to produce**. Cost-based methods do not recognize the role that consumers or competitors' prices play in the marketplace.

**Competitor-based pricing method:** set their prices to reflect the way they want consumers to interpret their own prices relative to the competitors' offerings. Setting price **close** to competitor makes consumers think it's similar, whereas higher prices signals better benefits. *McDonald's offers free coffee promotions, forcing Tim Hortons to reduce prices and accept lower profits.*

**Value-based pricing method** setting prices that focuses on the **overall value of the product offering as perceived by the consumer**. Consumers determine value by comparing the benefits they expect the product to deliver with the sacrifice they will need to make to acquire the product. Ex. *Cannabis purchasers were not price sensitive the first day it became legal.*

**improvement value** Estimate of how much more (or less) consumers are willing to pay for a product relative to other comparable products. How much more improvement value will a 20% bigger batter get for a phone? Manager prices of the improvements from existing products.

**Cost of ownership** people willing to pay more for product because over its entire lifetime, will eventually cost less to own than cheaper alternative. *LED vs conventional lightbulb, LEDs are priced more expensive.*

**Pricing Strategies (class 15)**

**everyday low pricing (EDLP):** companies stress the continuity of their retail prices at a level somewhere between the regular, nonsale price and the deep-discount sale prices their competitors may offer.

**High/low pricing:** promotion of sales, during which prices are temporarily reduced to encourage purchases. Some prefer not to expend the time to find the lowest price and favour EDLP as an efficient way to get low prices.

**How to Price New Products**

**Price Skimming:** innovators and early adopters willing to pay higher prices. Ex. *Apple fanboys wanting the apple watch.* Competitors must not be able to enter the market easily. **Profits generated through margin.**

**Market Penetration Pricing:** Setting the initial price low for the intro of new product or service. **Profits flowing through volume.**

**Experience Curve Effect:** The unit cost drops significantly as the accumulated volume sold increases

**Buy Now Pay Later (BNPL):** a recent payment trend that allows consumers to spread the cost of even small purchases over weeks or months.

**Shrinkflation:** decrease food package sizes while leaving prices unchanged.

**Consumer Pricing Tactics**

**Price Lining:** Establishing a price floor and a price ceiling for an entire line of similar products and then setting price points in between to represent distinct differences in quality. Ex. *Apple prices iPhones at different price points, all at different levels of quality.*

**Price bundling:** Pricing of more than one product for a single, lower price. Ex. *If high-speed Internet connection, cable TV and telephone purchased as a bundle is cheaper than as a non-bundle.*

**Leader Pricing:** Building store traffic by aggressively pricing and advertising a regularly purchased item, often priced at or just above the store's cost. *Buy this fresh shrimp (cheaper) to go with the cocktail sauce you're buying (marked up as more expensive, but it offsets the cheaper cost of the shrimp)*

**Consumer Price Reductions**

**Markdowns:** marking down with lower than initial price, to move slow-selling products **Quantity Discounts** Large iced coffee cheaper than small iced coffee **Coupons and Rebates** For coupon, retailer handles discount, for rebate purchase price is returned to buyer

**Business to Business Pricing Tactic**

**Seasonal Discount:** Incentive for retailers to order in advance of normal buying season. (placing orders before sales are highest)

**Cash Discount:** Reducing invoice cost if buyer pays invoice prior to end of discount period

**Allowances:** **Advertising allowances** offers a price reduction to channel members if they agree to feature the manufacturer product in their promotion

**Listing Allowance:** fees paid to retailers to get new products into stores, get better shelf life for their products, like a bribe

**Quantity Discounts (reduced price according to price purchased)**

**Cumulative quantity discount:** uses amount purchased over several periods, involves several transactions. Ex. *Automobile dealers attempt to meet sales goal over specific period, if they meet it, they earn discounts on all cars purchased. Incentives them to sell the last few cars at a cheaper price.*

**Noncumulative quantity discount:** Based only on amount purchased in a single order. Provides buyer with incentive to purchase more merch immediately.

**Uniform Pricing:** Shipper prices same no matter the geographic location

**Geographic Pricing:** Varied pricing

**Legal and Ethical Aspects of Pricing**

**Deceptive or Illegal Advertising pricing:** Companies puff up advertisements, but never to point of causing harm. "best deals in town" = puff "lowest prices, guaranteed" specific claim, if not true, then deceptive

**Deceptive Reference Price:** If a seller is going to label a price as a regular price (to compare in a sale) then 50% of the sales have to occur at that price. Think Winner's comparable price

**Loss Leader Pricing:** Selling below cost to be the leader of the market

**Bait and Switch:** Store lures customer in for low price, without intent to sell any. Instead, try to sell a higher marked item.

**Price discrimination:** Quantity discounts must be available to all customers, not be structured in a way that they consistently and obviously favor one or few buyers.

**Price Fixing:** Colluding with other firms to control prices. Nestle, Hershey, Mars colluding to raise the price of chocolate products. The four companies had to pay 23.2 million.

**Horizontal Price fixing:** Competitors that produce and sell competing products collude to make more expensive.

**Vertical Price Fixing:** Parties at different levels of the marketing channel (manufacturers and retailers) collude to control prices passed on to customers. Ex. *Apple encourages retailer to sell at specific price, the MANUFACTURER'S SUGGESTED RETAIL PRICE (MSRP).* This reduces retail competition among retailers, supports Apple. *Bread did vertical price fixing, but complied and faced no charges.*

**Distribution Strategies (class 16)**

catalogues, direct marketing

Consumer Segment 1

Consumer Segment 2

Retailers

Business Segment 1

Business Segment 2

Manufacturer

Distributors

Dealers

sales force

Manufacturer

Manufacturer

Manufacturer

Wholesaler

Retailer

Customer

Customer

Customer

**multi-channel distribution:** large city, own store, small city, go through best buy



**Push vs Pull Marketing Strategies**  
**Push Marketing Strategy:** a manufacturer focuses its promotional efforts (personal selling or sales promotion) on channel members (manufacturers, etc.) to convince them to carry its product.

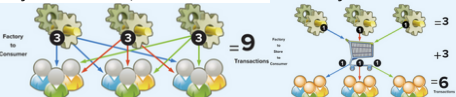
**Pull Marketing Strategy:** promotional efforts are directed at consumers to build demand for products that, in turn, may convince retailers to carry them. promotional efforts are directed at consumers to build demand for products that, in turn, may convince retailers to carry them.

**Distribution Intensity:** The number of channel members to use at each level of supply chain

**Intensive Distribution:** Get products into as many outlets as possible. Pepsi wants to stick into Walmart, Shoppers Drug Mart, Loblaws  
**Selective Distribution:** Uses a few selected customers in a territory. Is in between intensive and exclusive. *Seiko to Hudsons bay, simons*  
**Exclusive Distribution:** Rolex only sold by high-end jewel stores. *Tiffany & Co, Cartier*

**How do distribution channels add value?**

Way more efficient, less transactions = less money = less cost in the long run



**Distribution center:** a facility for the receipt, storage, and redistribution of goods to company stores or customers.

**Vertical Channel Conflict:** Stanley wants Home Depot to carry all its tools but not those of its competitors so that Stanley can maximize its sales. But Home Depot carries a mix of tool brands so it can maximize the sales in its tool category.

**Horizontal Channel Conflict:** disagreement among members at the same level in a marketing channel, such as two competing retailers or two competing manufacturers, horizontal channel conflict can occur.

**Corporate vertical marketing system:** the parent company has complete control and can dictate the priorities and objectives of the marketing channel because it owns multiple segments of the channel, such as manufacturing plants, warehouse facilities, and retail outlets. *Ex. Tesla Owns everything, from the car to the distribution channel*

**Contractual vertical marketing system:** independent firms at different levels of supply chain join together through contracts to obtain economies of scale and coordination and reduce conflict.

**How to Manage Supply chains through strategic relationships:** Mutual trust, open communication, interdependence, common goals, credible commitments

**Retail and Omnichannel marketing**

**Retailing:** business activities that add value to products and services sold to consumers for their personal or family use.

**Wholesalers** (see Chapter 12) buy products from manufacturers and resell them to retailers or industrial or business users.

**multichannel strategy:** in which they sell in more than one channel (e.g., store, catalogue, kiosk, and Internet).

**Factors for establishing a relationship with retailers:** Choosing retail partners, identifying types of retailers, developing a retail mix strategy, managing a multichannel strategy

**Retail Mix (4Ps with extra added in):** Product (merchandise assortment), presentation (store design and display), pricing, promotion, place, personal, strategies to reach and serve consumers.

**Product (Merchandise assortment):** Loblaws's Real Canadian Superstore is for high quality products, but Loblaws's No Frills store is where you can pay much lower prices for less service and product assortments.

**Presentation (Store Design and Display), is PART OF PRODUCT:** Shoppers Drug Mart has redesigned its cosmetics counters as Beauty Boutiques. Can distinguish themselves with unusual and exciting store atmospheres and add value

**Price:** Although both Banana Republic and Old Navy are owned by The Gap, their images could not be more different. Banana Republic prices its merchandise to attract young professionals, whereas Old Navy aims to satisfy trendy, price-sensitive consumers

**Promotion:** retailers use displays and signs, placed at the point of purchase or in strategic areas such as the ends of aisles (known as end caps), to inform customers and stimulate purchases of the featured products.

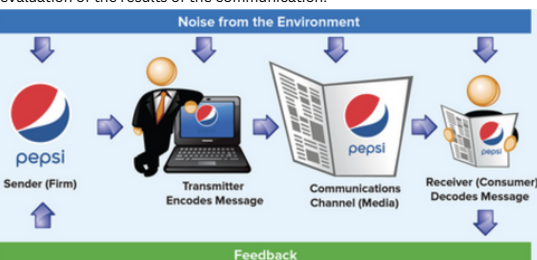
**Personnel (IS UNDER PROMOTION):** Personal selling and customer service representatives, ex. Apple's personnel

**Place:** Retailers can experiment with good locations to sell their products on **When developing or writing about retailing strategy, please use the 4Ps, not the 5Ps.**

**Integrating Marketing Communications**

**Integrated marketing communications (IMC)** promotion dimension of four Ps: advertising, personal selling, sales promotion, public relations, direct marketing, and digital, social, and mobile media, providing clarity, consistency, and maximum communicative impact.

**three components in any IMC strategy:** the consumer or target market, the channels or vehicles through which the message is communicated, and the evaluation of the results of the communication.



**Sender:** Company trying to send message

**Encoding:** Converting senders idea into a message (verbal, visual, both). Pepsi emojis signal fun times, but what's important is that people use the symbols use the emojis to connect with their friends and purchase their beverages.

**Communication:** Medium that carries the message. (TV, radio, print ads, etc.)

**Receiver:** Person who reads, hears, sees, and processes the info contained

**Decoding:** How the receiver interprets the message

**Interference:** Interference from competing messages, lack of clarity in message, flaw in the medium, etc.

**Feedback Loop:** Allows receiver to know whether message is encoded or decoded properly. Ex. a tweet about a product

**Planning a successful IMC campaign**



**Sample Marketing Goals and Related Campaigns**

Campaign and Goals	Goals	Target Market	Media Used	Outcome
ASICS	Branch out beyond serious runner market segment and target casual runners.	Even split males and females, aged 30-49	Television and print ads, online advertising	17% increase in sales
It's a big world. Go run it.				
Columbia Sportswear Company	Showcase Columbia's technical innovation ability.	60% males, aged 20-59	Print ads, mobile media, social media, videos, online advertising	11% increase in sales
Tested Tough				
BMW	Highlight the new technology of the redesigned 7 Series sedan.	Mostly men, aged 35 and up	Social media, blog posts, videos	Posts reached up to 13,500 likes on Instagram
#Driving Luxury				
Gillette	Appeal to traditional male customers and gain a new audience among women	Men and women	Twitter post	Over 30 million views; 51% of women who engaged with the ad expressed joy
The Best Men Can Be				

**Integration Marketing Communications Tools**



**Only five promotional mix elements:** advertising, public relations (PR), sales promotions, personal selling, and direct marketing. Social and mobile marketing is not its own IMC tool category; **rather, social and mobile are possible channels for any of the other IMC tools.**

Offline	Online
<b>Advertising:</b> e.g. TV or billboard ads <b>Sales promotion:</b> e.g. experiential events, in-store sampling <b>Personal selling:</b> e.g. in-person demos <b>Public relations:</b> e.g. annual reports, sponsorships <b>Direct marketing:</b> e.g. flyers, printed catalogues	<b>Advertising:</b> e.g. online ads, social media ads <b>Sales promotion:</b> e.g. online contests <b>Personal selling:</b> e.g. videochat demos <b>Public relations:</b> e.g. YouTube channel <b>Direct marketing:</b> e.g. email marketing, SMS

**Advertising**

**AIDA model:** Attention (think) leads to Interest (feel), which leads to Desire (feel), which leads to Action (do). Also known as "See, think do".

**AIDA model is related to every form of promotion, not just advertising.**

**Lagged effect:** a delayed response to a marketing communication campaign. Recurrent Presence of De Beer's Advertising campaign means when they think of diamonds, they'll end up going to the diamond store

**Advertising Objectives**

**Informative advertising:** create and build brand awareness, with the ultimate goal of moving the consumer through the buying cycle to a purchase. Toyota used informative advertising to ensure consumers were aware of the 2020 GR Supra.

**Persuasive advertising:** motivate consumers to take action, and accelerate market's acceptance of the advertised product. Generally occurs in the growth and early maturity stages of the PLC.

**Reminder and early maturity:** communication used to remind consumers of a product or to prompt repurchases, especially for products that have gained market acceptance and are in the maturity stage of their life cycle. When your grocery store places a display of Kleenex facial tissues on the end of the paper products aisle, it relies on your top-of-mind awareness of the Kleenex brand, which the manufacturer has achieved through advertising;

**PESO model CLASS 20**

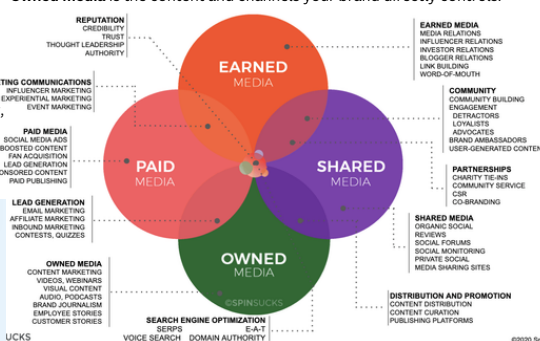
**PESO:** stands for paid, earned, shared, and owned media.

**Paid media** is the promotional content that your brand pays for.

**Earned media** is any publicity your brand gets without paying for it directly.

**Shared media** is content your audience shares with others.

**Owned media** is the content and channels your brand directly controls.



**Public Relations (PR)**

**Public relations (PR)** organizational function that manages the firm's communications to achieve a variety of objectives, including building and maintaining a positive image, handling or heading off unfavorable stories or events, and maintaining positive relationships with the media.

**Event sponsorship** PR Tool where corporations support various activities (financially or otherwise), usually in the cultural or sports and entertainment sectors.

PR Element	Function
Publications: brochures, special-purpose single-use publications such as books	Inform various constituencies about the activities of the organization and highlight specific areas of expertise
Video and audio: programs, public service announcements	Highlight the organization or support cause-related marketing efforts
Annual reports	Give required financial performance data and inform investors and others about the unique activities of the organization
Media relations: press kits, news releases, speeches, event sponsorships	Generate news coverage of the organization's activities or products/services
Digital media: websites, email campaigns	Websites can contain all the previously mentioned toolboxes elements, while email directs PR efforts to specific target groups

**Canadian Marketing Association (CMA) and American Marketing Association (AMA) codes of ethics**

**Sales Promotions**

Promotion	Objective	Advantages	Disadvantages
Comps	Stimulate demand.	• Encourage retailer support. • Allow for direct tracing of sales.	• Have low redemption rates.
Deals	Encourage trial.	• Reduce consumer risk. • Retaliate against competitive action.	• May reduce perception of value.
Premiums	Build goodwill.	• Increase perception of value.	• Result in consumers who buy for the premium, not the product. • Have to be carefully managed.
Contests	Increase consumer involvement.	• Generate excitement.	• Require creativity. • Must be monitored.
Sweepstakes	Encourage higher consumption.	• Minimize brand switching among existing consumers.	• Sales often decline afterward.
Samples	Encourage trial.	• Offer direct involvement. • Can be very targeted.	• Have high cost to the firm.
Loyalty Programs	Encourage repurchase.	• Create loyalty.	• Have high cost to the firm.
POP Displays	Increase brand trial.	• Provide high visibility. • Provide in-store support.	• Difficult to get a good location in the store. • Can be costly to the firm.
Rebates	Stimulate demand.	• Increase value perception.	• Are easily copied by competitors. • May just advance future sales.

**Trade Channel Sales Promotions**

**Trade channel promotions** help convince retailers and wholesalers to stock a new brand, give it eye-level shelf space, and promote it in their flyers and other advertisements.

**Discounts and allowances:** incentives used to maintain or increase inventory levels in the distribution channel.

**Cooperative Advertising:** Promoting products to customers.

**Sales Force Training:** Manufacturers may offer to train a retailer's sales staff.

**Evaluating a Trade Promotion**

To evaluate a trade promotion, retailer consider the following:

- the realized margin from the promotion
- the cost of the additional inventory carried because of buying more than the normal amount of the product
- the potential increase in sales from the promoted merchandise
- the long-term impact on sales of the promotion
- the potential loss suffered when customers switch to the promoted merchandise from more profitable TVs
- the additional sales made to customers attracted to the store by the promotion

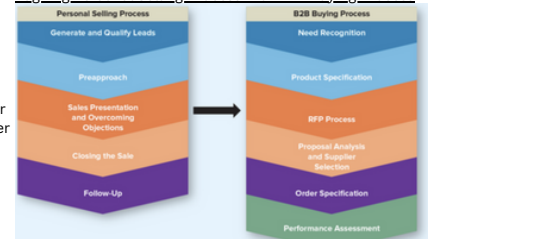
**Personal Selling Process CLASS 22**

**Step 1: Generate and Qualify Leads:** generate a list of potential customers (leads) and assess their potential (quality). Can go on LinkedIn, Trade Shows, do Cold calls, Telemarketing

**Step 2: Preapproach and the Use of CRM Systems:** occurs before meeting the customer for the first time. *Management consulting firm wants to sell a bank a new system for finding checking account errors. Info needed: How many cheques does it process? What system is the bank using now? What are the benefits of the consultant's proposed system compared with the competition?*

**Step 3: Sales Presentation and Overcoming Objections:** Once all info is obtained and objectives for meeting are set, salesperson needs to get to know the customer and obtain their interest. They shouldn't discuss anything in step 4, only focus on step 3.

**Aligning Personal Selling Process with B2B Buying Process**



**Handling Objections**

Some salespeople, particularly inexperienced ones, believe that to be in control, they must do all the talking. Yet it is impossible to really understand where the customer stands without listening carefully. What if the COO says, "It seems kind of expensive"? If the salesperson isn't listening carefully, they won't pick up on the subtle nuances of what the customer is really thinking. In this case, it probably means that the COO doesn't see the value in the offering.

**Step 4: Closing the sale:** obtaining a commitment from the customer to make a purchase.

**Step 5: Follow up:** The sale is never really over, even after being made. solidify customer relationship through:

- Reliability: The salesperson and the supporting organization must deliver the right product or service on time.
- Responsiveness: The salesperson and support group must be ready to deal quickly with any issue, question, or problem that may arise.
- Assurance: Customers must be assured through adequate guarantees that their purchase will perform as expected.
- Empathy: The salesperson and support group must have a good understanding of the problems and issues faced by their customers. Otherwise, they cannot give them what they want.

Tangibles: the physical characteristics of the seller's business, such as its website, marketing communications, and delivery materials.

**Framework for ethical management**

**1. Identify Clear Values – and Follow Them** (value check, anything that doesn't meet it shouldn't be approved)

**2. Understand Your Value Proposition to Society – and Fulfill It** (add value check to make sure it fulfills society)

**3. Identify Vulnerable People – and Determine Your Obligation to Protect Them** (children)

**4. Respect Others' Interests – and Do Not Take Advantage of People** (CMA and AMA codes of ethics)

**5. Strive for Sustainability** (continuous improvement in environmental, social, and economic performance throughout the entire value chain)

Agency/Regulation	General Purpose	Specific Jurisdiction
Competition Bureau Canada/The Competition Act (1986)	Enforces federal laws that ensure businesses in Canada operate in a fair and equitable manner.	Enforces laws relating to misleading advertising and deceptive marketing practices.
Canadian Radio-television and Telecommunications Commission (CRTC; 1968)	Regulates and supervises all aspects of the Canadian broadcasting system, and regulates telecommunications common carriers and service providers that fall under federal jurisdiction.	Enforces restrictions on broadcasting material. Also administers codes that have an impact on specific categories of advertising; for example, the Code for Broadcast Advertising of Alcoholic Beverages.
Health Canada/Food and Drugs Act (1954)	Regulates food, drugs, cosmetics, and medical devices.	Establishes standards and requirements for the safety and sanitation of products. Regulates the labelling of food products pertaining to nutrition labelling, nutrient content, and health claims.
Advertising Standards Canada (ASC; 1957)	Monitors voluntary advertising industry codes.	Administers the Canadian Code of Advertising Standards, the Gender Portrayal Guidelines, and the Broadcast Code for