**Chapter 9 Notes**

**Advertising**

**Basic Features**

* Advertising can reach a mass market audience simultaneously
* Standardized- the same message reaches entire audience
* Control- the sponsor directly controls the message which reaches audience
* Message that can be delivered is limited in scope and normally small amount of info
* Audience cannot provide feedback directly

**Personal Selling**

* Oral presentation, directed more easily at qualified customers
* Salesperson can customize message to satisfy info. needs of a specific customer
* Salesperson directly interacts with customer and receives feedback, reduces noise
* Know to close sell or stop selling
* Build long term relationship based on trust
* Person selling is companies most expensive contact tool
* Greater degree of control over personal selling costs

**Promotion**- Communication, Incentive, Invitation

Public relations- non paid for communication of info about company or product

1. High credibility
2. Target audience
3. Costs less than advertising
4. Conducted faster than ad campaign
5. More info

Problems- It isn’t possible to control what is published by news, a given item can be used only once as news has short shelf life

**Personal Selling-** convey product and company information to customer and receive product persuade customer to buy product

**Roles played by sales force-** sales force acts as an intermediary between firm and usually play following roles

1. Conveyor of information
2. Catalyst for the selling process( creative selling)
   1. Developing primary demand for a new product
   2. Developing selective demand for company’s product

**Service Agent**- sales force performs service related tasks

1. Order processing
2. Delivery products
3. Help arrange
4. Service product
5. Teaching customer how to use product

**Types of selling Jobs-**

1. Order getters
2. Order takers
3. Sales support personal (missionary technical)

**Steps in personal selling process**

1. Sales lead generation
2. Sales lead qualification
3. Pre-approach & approach
4. Sales, demonstration, handling objections & closing

**Sales force Organization**

1. Territorial- duties clearly defined, travel cost low
2. Product structure
3. Customer structure
4. Functional structure
5. Team selling

**Salesforce Compensation**

1. Straight salary- fixed amount
2. Commissions- predetermined percentage
   1. straight commission( fixed %)
   2. sliding commission(% depends on level of sales
3. Salary and commission combined
4. Compensation based on quota- incentive salesperson receives depends on attainment of pre-specified target

**Drawing Account-** salesperson can draw money to provide earning

**Sales force size-**

1. Breakdown method- n = s/p
2. Workload method- by account(consult chart)
3. Incremental method(consult chart)

Net profit vs. # of salespeople- exponential

Gross profit vs. # of salespeople- y = sqrt(x)

Cost related to salesforce vs. # of salespeople = linear

**Publicity-** create favorable image of the company which will lead to improved performance in long run

1. Handling adverse rumors
2. Building up good corporate citizen image
3. Enhancing reputation of the company as pioneer in R & D
4. Methods finding news, creating news

**Advertising-** any form of non-personal presentation & promotion of ideas, goods, or services by an identifiable sponsor

1. Inform
2. Persuade
3. Remind

**Types**

1. Product- informative, competitive, reminder
2. Institutional- organization, industry etc. rather than specific product
3. Advocacy- focus on issue that company wants to promote

**Media Selection**

1. Selectivity- more selective medium will have less waste
2. Reach- number of different persons or households exposed
3. Frequency- number of times reach is exposed
4. GRP= reach \* frequency
5. CPM= (cost of commercial/# of customers reached by commercial) \* 100

**Factors that affect promotional mix**

1. Product related factors- price, complexity, stage
   1. Intro stage, growth stage, maturity
2. Market related factors- target market, type of customer
3. Organization related factors
4. Strategy used- push vs. pull (push- direct promotional effort, pull- directly stimulate demand)

**Affordable method-** promo budget is set based on what company can afford

**Objective & Task Method-** set communication objectives, add to obtain total budget required