



Chapter 8

Six Sigma Marketing: Some Promotional Issues



The most common traditional marketing strategy is based on effective amalgamation of 4P's : Price, Product, Promotion and Place. However, marketing scenario has changed from 80's exchange based scenario to relationship based marketing of 90's to current information technology dominant marketing management. Promotion being key element of 4P's of marketing mix should, cope up with this changing marketing practices.

As discussed in chapter 4, effective marketing management is about managing customer value chain efficiently. Understanding what customer value, competing in the market based on unique value proposition and focusing on pleasurable TCE in profitable way are the golden flicks to succeed in market. All these stages required effective communication with target market. To achieve short term revenue generation goals it is important for marketing managers to conceptualize customer requirements and target them with unique embedded messages that inspire them to take desired action. This is where promotion comes to the rescue marketing managers. These are the methods not only used by profit making business structures, but also by different government departments. Muralidharan and Gupta (2016), shows that the Six Sigma approach can be very well applied in e-governance activities. They articulate that the promotion of e-business and e-commerce activities as two effective tool for sales and marketing.

As defined by Economic times, "*promotion refers to the entire set of activities, which communicate the product, brand or service to the user*". Being a subset of wide marketing strategy, promotion comes under the major banner of marketing communication strategy. As explained by Rowley (1998) following advantages realized from promotional activity signifies its importance in marketing strategy:

- Promotion is generally used as short term strategy to increase sales
- Promotion can help to maintain and improve market share by reaching wide customer base with objective to make them aware about offering
- Promotion helps to create or improve brand recognition by allowing customers to experience offering
- By spreading awareness among large customer base, promotions create a favourable environment for future sales

- By delivering right message to the target market, promotion helps to inform and educate the market about offerings.
- Promotion helps to create competitive advantage relative to competitor's products or market position by effective delivery of message as well as by allowing prospective customers to experience offerings.

It is important to deliver promotional message through appropriate channel to get optimum benefit of it. Companies are using different channels to implement their promotional activities. Appropriate combination of these channels pave ways to realized promotional benefits stated above. Combination of the tools mentioned below can be used to design effective promotional strategy like Advertising; Direct marketing; Sales and Price promotions; Relation and publicity; and Personal selling. These methods are further articulated below:

8.1. Advertising

As defined by AMA, *“advertising is any paid form of non-personal presentation and promotion of ideas, goods services by identified sponsors”*. From years advertisement is being used as effective way to attract customers. It is the most cost effective way to convey message to the customer base. Unlike personal selling and CRM, advertising is characterised as a mode to communicate with large customer base. It is used as an effective tool of mass marketing which can help customers to acquire the most relevant product with high amount of satisfaction. With strategic message and communication strategy, effect of advertising should be clearly defined. Further,

- Traditional advertising is directly related to sales. In recent era where market is flooded with variety of products and services, it helps to condition the customers to positively react on campaign. Thereby advertising can secure leads for sales persons by constantly reminding customers about availability of offerings.
- By generating the feeling of trust advertising can boost sales among recent buyers and prospective buyers.
- By targeting current buyers, advertising helps to retain their trust with existing offering and thereby contributing in achieving higher customer loyalty.
- Advertisement can be used effectively to promote overall image of organization to different stake holders.

Depending upon the objective, advertising can be classified as product related advertising, public service advertising, institutional advertising, trade advertising etc. Designing effective advertisement and its success depends upon following three major components:

1. *Understanding target market:* Understanding market situation helps to design effective advertising campaign. To effectively target prospective customers, it is important to understand market size. Understanding market size and realization of potential customers helps to conceptualize success strategy for current market. Exploring current market share and market trends can help to realize cost-benefit dimension advertisement campaign. Further segmenting target market based on customer need and their buying patterns helps to understand customer value cycle. Customer analysis based on questions “*what do they value in offerings?*” and “*How do they search for offerings?*” helps to decide advertising campaign content and identification of channel through which message should disseminate. Demographic analysis of customer based on age, gender, geographical area, interest etc. helps a lot to design advertising campaign addressing specific need of that segment.
2. *Designing message:* Major objective of advertising is to create the persona of offering such that customer cannot disregard it while making decisions. Hence, designing message required to strategize its component based on what it is communicating is an absolute necessity for customer appreciation. Message designing can be based on benefits customers are getting out of offerings, based on notching emotional aspect or based on brand awareness with attached expected action from customer’s avenue.
3. *Message delivery:* Once the content is decided it is important to decide about the medium of message delivery. This comprises of the choosing from the different media like news papers ads, Television ads, digital ads or mobile ads. Detailed knowledge of target market plays important role to select appropriate channel of message delivery. For example, to target customers who are not much techno savvy print media and TV advertisements are the best medium of message delivery. On the other hand, millennial digital ads or mobile ads are the best options to deliver message. Proper selection of different medium with adequate allocation of money to each of them paves ways to successful advertising promotion.

Many companies like Nike through “*just do it*” campaign, Volkswagen through “*Think small*” campaign, Dove through “*real beauty*” campaign, California milk processor board through “*Got milk*” - achieved great success through strategizing their advertising campaign. Some well known advertising campaigns are shown in Figure 8.1.



Fig. 8.1 Some well known advertising campaigns

8.2. Direct marketing

In contrast to advertising which is based on mass-marketing, direct marketing are the promotional tools which focus on connecting with customers directly through different medium like emails, messages or telephonic calls, brochures or coupons. While major objective of mass marketing is to make big group of people aware about offerings, direct marketing is based on targeting desired group of customers to inform about product or service. Direct marketing can be used as a tool for promotion mix when,

- Targeting large group of customer is required.
- Allowing them to interact with company on personal basis.

By establishing direct connection with customers, direct marketing allows business to get quick response from customers which helps to generate significant amount of leads. Though considered as outdated tool for promotion, many corporate giants like Burger King, Mead Johnson, Tylenol, Botanic choice, Google are using direct marketing as their promotional tool. Google's direct marketing efforts include personal mailing, Ad words coupons or information support for business expansion as shown in Figure 8.2.



Fig 8.2 Google's direct marketing through Ad words coupons

8.3. Sales/Price promotions

This promotion tool basically focuses upon promoting direct monetary savings. As defined by Kotler (2003), "Sales promotion consist of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase a particular product by consumers". Price discount, an extra free product, a complimentary gift, opportunity to win price etc are different strategies of sales promotion. Hence, price promotions are aimed at accelerating product purchase for short span of period to gain quick economic results. Laurea (2012) discuss three different categories of price promotions:

- *Consumer promotions*: promotions initiated by manufacturer to directly address customers.
- *Retailer promotions*: promotions initiated by retailers to address final customers.

- *Trade promotions*: promotions initiated by producers to address retailers.

Effective sales promotion can increase frequency and amount of purchase significantly. Attracting customers through sales promotion ultimately helps marketers to identify hidden customer segments and opportunity to address their need on long run. Sales promotions can also help to increase in-store traffic and hence for shorter duration, increase customer loyalty. Sales promotion provides opportunity to small players in the market to compete against big players based on economic parameters. E-business giants like Amazon, Flip cart, Snap deal are using this strategy effectively by addressing requirement of domestic market. Example of sales promotion is shown in Figure 8.3.



Fig 8.3. Seasonal sales promotions

8.4. Public relations and publicity

As defined by AMA, “*public relations or publicity is the nonpaid form of promotion and information to influence the feelings, opinions, or beliefs about the company, its offerings, the value of the offerings or the activity of the organization to buyers, prospects or other stakeholders etc*”. Publicity includes press release, lectures, articles, blogs, social media, Word Of Mouth (WOM) etc., and can be done through different medium. Since, this

marketing tool does not involve any cost it is far more economical. Public relations as a promotional tool can be used,

- To strengthen company's credibility
- To improve company's image
- To influence public opinion.

8.5. Personal selling

This is the unique form of promotional tool, which emphasis upon face-to-face interaction with customers. Personalized two-way communication differentiates this promotional tool from others. Ultimate goal of personal selling is to increase revenue by creating lasting relationship with customers. Personal selling brings following advantage as the promotion tool,

- Maintain customer contact during whole purchase cycle.
- Keep customers informed about updates of offerings.
- To generate feeling of intense firm-customer relationship.

8.6 Promotional issues and problems

While overall marketing focus upon long term firm-customer relation, advertising focus upon trust building between firm and customer, direct marketing to establish close channel of communication between firm and customer, public relations to spread positive WOM and personal selling to create intense firm-customer relationship. However, all these tools are facing issues as long as their effective use is concerned as given below:

- Deciding about best promotion mix is one of the major issues faced by marketing manager. Which tool or combination of tools explained above can generate quality lead is major issue today's marketers are trying to solve.
- Taking decision about budget allocation over different promotional tools based on expected ROI is important issue to be addressed while planning successful promotional campaign.

- Designing right message for customers based on understating of offering's stand in their value chain is another major challenge for contemporary marketers.

Each Tool of promotion mix stated above is facing unique challenge as,

- Deciding about the medium of advertisement through which right customers can be targeted through right message is one of the major issues of concern for today's marketers. Advertisement content based on regional market trends, selection of advertising medium based on customer's preference for information search, advertisement for effective market positioning based on market competition, scheduling advertisement on media for maximum reach, are the major hurdles faced by marketers.
- As explained by Hartley and Cross (1988), frequent price related promotions needle customers perception regarding minimum price of the offering and they may switch to another lower cost offering. Frequent price reduction also leads customer to question about perceived brand value. Aggressive price promotion can result in to "*forward buying*" and hence holding product inventory, which can affect product's future sale. Non redemption of coupons or premiums offered through sales promotions are also causing great hurdles to marketers in designing promotion strategy.
- Success of personal selling largely depends upon sales repetitive competency. Identifying the skill set to hire or train successful sales person is the major issue faced by marketers to make personal selling successful.

Out of all promotion tools public relation/publicity is the most critical manage due to viral characteristics of this tool. Though quality content places important role in this tool, this promotional tool largely govern by the real business performance. Hence, creating thread between real market performances supported by positive publicity is the real challenge for these tools.

8.7. Six Sigma Marketing to address promotional issues

Investing in promotional tool that doesn't lead to quality assurance is just a waste of money and resources. Unfortunately, the methods discussed above are not addressing this issue from the value addition point of view. By and large the issues addressed are the campaign

effectiveness and popularity of the product and sales. We feel that the issue of quality of sales and marketing can be addressed very well through the SSM concepts. Understanding of what is to be achieved through promotion and which promotion tool can help the most to achieve those objectives helps marketing managers to decide about profitable promotion mix. As explained by Rowley (1998), communication objectives can be categorized over three different stages:

- *Cognitive*: In this phase customers become aware about offerings.
- *Affective*: In this phase customers form opinion about offerings.
- *Behaviour*: In this phase customers take action on the basis of first two stages.

How each promotion mix can help to best achieve objectives of these stages can help managers to decide about optimum promotion mix. SSM Benefit-cost analysis matrix can guide marketing managers to identify best amalgamation of tools at different level of communication stage. Based on the very nature of promotion tool its possible communication implications are shown in Table 8.4

Table 8.4 *Benefit-cost matrix for optimum promotion mix*

Promotion tool	Communication objective		
	Cognitive	Affective	Behaviour
Advertising	High	Moderate	Low
Direct marketing	High	High	Moderate
Sales promotions/ Price promotions	High	Moderate	High
Public relations and publicity	Moderate	High	High

Insights generated from this benefit-cost matrix help marketing managers to allocate their budget over different promotion mix to get maximum advantage of it.

- Generating substantial content that can engage customers and help to generate quality leads is the key part for successful promotion campaign. Bounce rate, session duration, like and share on social media are the different matrices widely used to assess quality of content on digital platform. Number of inquiry messages received on any channel of inquiry is the indicator of off-line customer engagement.

- To address the issues related to advertising one need to consider “*Reaching to right customer with right message at right time*”. All this issues can very well addresses different metrics. Success of promotional campaign is largely depends upon targeting *right customer*. It is important to create ideal customer persona for campaign. This metrics helps to identify nearest matched customer segment to target through promotional campaign. Right message is about creating quality content as explained in previous step. Targeting customers at *right time* is the ingredient to achieve maximum response to advertisement campaign. Matrix indicating customer’s online presence is the ideal way to convey message to achieve maximum engagement.
- Effectiveness of direct marketing is the one that navigate customers for Call To Action (CTA). Not to integrating CTA with direct marketing campaign is the big opportunity loss. Customers responding to CTA are the one who are likely to ready for next step in purchase cycle.
- Since sales promotions/price promotions are designed to get short term economic advantages, the best matrix measure its effectiveness is revenue generated through it. Mindful bidding strategy on key words, proper selection of promotion medium are the elements for successful sales promotion.

Pestorius (2007) explain contribution of Six Sigma to address issues related to personal selling. Author proposes Six Sigma DMAIC approach to investigate sales representative competency issue. As explained in the book, *define* phase addressing this problem should focus upon identifying hiring skills of sales representatives. The difference between hiring profile and a sales representative competency evaluation is the critical success factor defined by the project. This list of expected skills of sales representative’s competencies can be generated based on other department requirements, non teachable personality trait and customer review against which performance of sales repetitive can be evaluated. In *measure* phase actual competency of sales representative is assessed against ideal set of competencies specified in *define* phase. *Analyze* phase involves identifying the predictors of sales success. This phase focus upon identifying the personality traits that can predict future sales success. Along with identifying characteristics of sales person for sales success. *Improve* phase consider eliminating personality trait that does not lead to successful sales strategy and finally *control* phase to maintain the benefits of the project.

The need and urgency of data based e-Governance for efficient and effective administration is being increasingly felt. Large scale delay in delivery of products and services have been hurting the common man in several ways (Muralidharan and Gupta, 20116). It is expected that the current drive for e-Governance will boost the importance of data management for obtaining right data for right decisions besides for planning, implementation, monitoring, control and evaluations of ongoing short term and long term operations and projects. This will further improve the quality of the information's passed onto the stakeholders, leading to stakeholder confidence and morale.

Several dimensions and factors influence the definition of e-Governance or electronic governance. The word "electronic" in the term e-governance implies technology driven governance. E-governance is the application of information and communication technology (ICT) for delivering government services, exchange of information communication transactions, integration of various stand-alone systems and services between government-to-customer (G2C), government-to-business (G2B), government-to-government (G2G) as well as back office processes and interactions within the entire government framework. Through e-governance, government services will be made available to citizens in a convenient, efficient and transparent manner.

With improved process efficiency and organizational effectiveness, and information networking, a new dimension would be added to the concept of e-governance. That is Six Sigma Marketing. Therefore, we advocate the quality promotion of SSM in the following ways:

- Like various certification logos (ASQ, ISO, AGMARK, etc.) sigma level also be labeled for every product and sales activities.
- Quality level may be ranked for every product in line with credit rating (AA, AAA, etc.).
- The cycle time of every product must be labeled for every product.
- The guidelines and Standard Operating Procedure (SOP) should go with every advertisement and promotional issues.
- The contribution of CSR and government compliance should be publicized for better appreciation of the products and services.
- Promote e-governance in the marketing and sales promotion effectively.