

2. LITERATURE REVIEW

2.1. Definition of Marketing

Since promotion is one of the parts of marketing mix, the writer will discuss about the marketing in global first. An owner has to be familiar with marketing. The company must set up a good marketing campaign in order to survive the competition nowadays. Promotion plays an important role in marketing programs of companies or restaurant as they attempt to communicate with and sell their product or service to their customers. To understand the role of promotion in the marketing process, first we have to examine the marketing function.

What is marketing? Marketing is often viewed in terms of individual activities that constitute the overall marketing process. One popular conception of marketing is that it primarily involves sales. Other perspective view marketing is consisting advertising or retailing activities. Market research, pricing, or product planning may come to mind of some companies.

Since all these activities are part of marketing, it encompasses more than just these individual elements. The American Marketing Association, which represents marketing professionals in the United State and Canada, defines marketing as

The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and service to create exchanges that satisfy individual and organizational objectives.(Belch, George E. & Michael A. Belch; Advertising and Promotion, An Integrated Marketing Communications Perspective; New York: Irwin/Mc Graw-Hill;2001; pp.8).

Effective marketing requires that owners recognize the interdependence of such activities as sales and promotion and how they can be combined to develop a marketing program.

Marketing facilitates the exchange process and the development of relationships by carefully examining the needs and wants of consumers, developing a product or service that satisfies these needs, offering it at a certain price and making it available through a particular place or channel of distribution, and developing a program of promotion or communication to create awareness and interest.

These four elements of marketing mix, which are:

1. Product
2. Price,
3. Place (distribution), and
4. Promotion

The basic task of marketing is combining these four elements into a marketing program to facilitate the potential for exchange with consumers in the marketplace.

2.1.1. Product

A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, places, organization, and ideas.

Hospitality manager needs to think about the product on four levels:

1. Core Products

The most basic level is the core product which answers the following question: What is the consumer really buying? Every product is a package of problem solving services.

2. Facilitating Products

Facilitating products are those services or goods that must be presented to the guest by using the core products.

3. Supporting Products

Core products require facilitating products but do not require supporting products. Supporting products are extra products offered to add value to the core product and help to differentiate it from the competition. The distinction

between facilitating and supporting products is not always clear. Facilitating products for one market segment may be supporting products for another.

4. Augmented Product

The augmented product includes accessibility, atmosphere, and customer's interaction with the service organization, customer participation, and customer's interaction with others. These elements combine with the core, facilitating, and supporting products to provide the augmented product.

In designing a product, there are several things to be considered, which are:

1. Accessibility

This refers to how accessible the product is in terms of location and hours of operation.

2. Atmosphere

Atmosphere is a critical element in service. It can be the customer's reason for choosing to do business with an establishment. Atmosphere is appreciated through the sense. Sensory terms provide description for the atmosphere of a particular set of surroundings. The main sensory channels for atmosphere are sight, sound, scent, and touch. Specifically:

- The main visual dimensions of atmosphere are color, brightness, size, and shape.
- The main aural dimensions of atmosphere are volume and pitch.
- The main olfactory of atmosphere are scent and freshness.
- The main tactile dimensions of atmosphere are softness, smoothness, and temperature.

3. Customer Interaction with the Service Delivery System.

The customer participates in the delivery of most hospitality products. There are three phases to this involvement: joining, consumption, and detachment. The joining stage is often represented through sampling. The consumption phase takes place when the service is consumed. The detachment phase is when the customer is through using the product and departs.

4. Customer Interaction with other Customers.

Customers become part of the product which is offered.

5. Participation

Involving the guest in the service delivery that can increase capacity, improving customer satisfaction, and reducing costs.

After designing the product, the company or the restaurant has to brand the product. A brand is a name, term, sign, symbol, design or a combination of these elements that is intended to identify the goods or service of a seller and differentiate them from those of competitors. A brand image is the part of brand that can be recognized but is not utter able, such as symbol, design, or distinctive coloring or lettering.

The product life cycle is marked by five distinct stages:

1. Product development, begins when the company finds and develops a new product idea.
2. Introduction is a period of slow sales growth as the product is being introduced into the market. Profits are nonexistent at this stage.
3. Growth stage is a period of rapid market acceptance and increasing profits.
4. Maturity stage is a period of slow down in sales growth because the product has achieved acceptance by most of potential buyers.
5. Decline stage is the period when sales fall off quickly and profits drop.

2.1.2. Pricing

Price is the only marketing mix elements that produces revenue. Price is the amount of money charged for a good or service. More broadly, price is the sum of the values consumers exchange for the benefits of having or using the product or service.

There are some external and internal factors which have to be considered when setting the price, they are:

1. Internal factors
 - a. Marketing objective which are:
 - Survival

It is used when the economy slumps or a recession is going on. A manufacturing firm can reduce production to match demand and a company can cut rates to create the best cash flow.

- Market share leadership
When companies believe that a company with the largest market share will eventually enjoy low cost and high long run profit, they will set low opening rates and strive to be the market share leader.
- Current profit maximization
Company may choose the price that will produce the maximum current profit, cash flow, or return on investment, seeking financial outcomes rather than long run performance.
- Product quality leadership
Some companies charge a high price for their high cost products to capture the luxury market.
- Other objectives
Stabilize market, create excitement for new product, and draw more attention.

b. Marketing mix strategy

Price must be coordinated with product design, distribution, and promotion decision to form a consistent and effective marketing program.

c. Costs

- Fixed costs: costs that do not vary with production or sales level.
- Variable costs: costs that vary directly with the level of production.

d. Organizational consideration

Management must decide who within the organization should set prices. In small companies, pricing is typically handled by a corporate department or by a regional or unit manager under guidelines established by corporate management.

2. External factors

a. Nature of the market and demand

- Up selling
This occurs through training sales and reservation employees to offer continuously a higher priced product that will better meet the customer's needs, rather than setting for the lowest price.

- Cross selling

The company's other products are sold to the guest.

b. Pricing in different markets

There are four types of markets:

- Pure competition

The market consists of many buyers and sellers trading in a uniform commodity

- Monopolistic competition

The market consists of many buyers and sellers who trade over a range of prices rather than a single market price.

- Oligopoly competition

The market consists of a few sellers who are highly sensitive to each others pricing and marketing strategies.

- Pure monopoly

The market consists of one seller; it could be government monopoly, a private regulated monopoly or a private non regulated monopoly.

c. Consumer perception of price and value

It is the consumer who decides whether a product's price is right. The right price must be buyer oriented. The price decision requires a creative awareness of the target market and recognition of the buyer differences.

d. Analyzing the price demand relationship

Demand and price are inversely related, the higher of the price, the lower of the demand. Most demand curves slope downward in either the straight or a curved line. The prestige goods demand curve sometimes sales upward.

e. Price elasticity of demand

If demand hardly varies with a small change in price, we say that the demand is inelastic. Buyers are less price sensitive when the product is unique or when it is high in quality, prestige, or exclusiveness. Consumers are also fewer prices sensitive when substitute products are hard to find. If demand is elastic, sellers will generally consider lowering their prices to produce more total revenue.

f. Competitor's price and offers

When a company is aware of its competitor's price and offers, it can use this information as a starting point for deciding its own pricing.

g. Other environmental factors

Others factors include inflation, recession, interest rates, government purchasing, birth of the new technology.

There are four general pricing approaches:

a. Cost based pricing

Cost plus pricing is a standard markup is added the cost of the product.

b. Break even analysis and target profit pricing.

Price is set to break even on the cost of making and marketing a product or to make a desired profit.

c. Buyer based pricing

Companies base their prices on the product's perceived value. Perceived value pricing uses the buyer's perception of value, not the sellers cost as the key to pricing

d. Competition based pricing

Competition based pricing is based on the establishment of the price largely that against those of competitors, with less attention paid to cost or demand.

There are nine pricing strategies:

1. Prestige pricing

A restaurant seeking to position them as luxurious and elegant will enter the market with a high price that will support this position.

2. Market skimming pricing

Price skimming is setting a high price when the market price is insensitive. It is common in industries with high research and development costs, such as pharmaceutical companies and computer firms.

3. Marketing penetration pricing

Company set a low initial price to penetrate the market quickly and deeply, attracts many buyers and winning a large market share.

4. Product bundle pricing

Seller using product bundle pricing combine several of their product and offer the bundle at a reduced price.

5. Volume discounts

Companies have special rate to attract customers who are likely to purchase a large quantity of their product, either for a single period or throughout the year.

6. Discounts based on time purchase

A seasonal discount is a price reduction to buyers who purchase services out of season when the demand is lower. Seasonal discounts allow the companies to keep demand steady during the year.

7. Discrimination pricing

This refers to segmentation of the market and pricing differences based on price elasticity characteristic of the segments. In discriminatory pricing, the company sells a product or service at two or more prices, although the differences in price not based on differences cost. It maximizes the amount that each customer pays.

8. Psychology pricing

Psychological aspects such as prestige, reference prices, round figures, and ignoring a figures are used in pricing.

9. Promotional pricing

Companies temporarily price their products below list price, and sometimes even below cost, for special occasions, such as introduction or festivities. Promotional pricing gives guests a reason to come and promote a positive image for the companies.

2.1.3. Placing

A distribution is a set of independent organization involved in the process of making a product or service available to the consumer or business user (Louis W. Stern and Adel I. El-Ansary; Marketing Channel; 3rd edition; Upper Saddle River; N.J: Prentice Hall, 1988; p.3).

The use of intermediaries depends on their greater efficiency in marketing the goods available to target markets. Through their contacts, experiences, specialization, and scale of operation, intermediaries normally offer more than a firm can on its own.

There are several functions of distribution channel:

1. **Information:** gathering and distributing marketing research and intelligent information about the marketing environment.
2. **Promotion:** Developing and spreading persuasive communications about an offer.
3. **Contact:** Finding and communicating with prospective buyers
4. **Matching:** Shaping and fitting the offer to the buyer's needs.
5. **Negotiation:** agreeing on price and other term of the offer so that ownership or possession can be transferred.
6. **Physical distribution:** transporting and storing goods.
7. **Financing:** acquiring and using funds to cover the cost of channel work.
8. **Risk taking:** assuming financial risk such as the inability to sell inventory at full margin.

Marketing intermediaries are available to the hospitality industry including travel agents, tour operators, tour wholesalers, specialists, hotel sales representatives, incentives travel agents, government tourist association, consortia and reservation system and electronic distribution system.

Distribution channels are shifting from loose collection of independent companies to unified system.

1. Conventional Marketing System

A conventional marketing system consists of one or more independent producers, wholesalers and retailers. Each is separate business seeking to maximize its own profits, even at the expense of profits, even at the expense of profits for the system as a whole.

2. Vertical Marketing System

A vertical marketing system consists of producers, wholesalers and retailers act as unified system. VMS's are developed to control channel behavior and manage channel conflicts and its economies through size, bargaining power,

and elimination of duplicated service. There are three major types of VMSs: corporate VMS, administered VMS and contractual VMS.

a. Corporate

A corporate VMS combines successive stages of production and distribution under single ownership.

b. Administered

An administered VMS coordinates successive stages of production and distribution, not through common ownership or contractual ties, but through the size and power of the parties.

c. Contractual

A contractual VMS consists of independent firms at different levels of production and distribution who join through contacts to obtain economies or sales impact.

d. Franchising: Franchising is a method of doing business by which a franchise is granted to the right to engage in offering, selling or distributing goods or service under a marketing format that is design by a franchisor. The franchisor permits the franchisee to use its trademark, name and advertising.

e. Alliances: Alliances are developed to allow two organizations to benefit from each other's strengths.

3. Horizontal Marketing system

Two or more companies at one level join to follow new marketing opportunities. Companies can combine their capital, production capacities or marketing to accomplish more than one company working alone.

4. Multi channel Marketing System

A single firm sets up two or more marketing channel to reach one or more customer segments.

Channel Management Decision:

1. Selecting Channel Members:

When selecting channel members, the company's management will want to evaluate each potential channel member's growth and profit record, profitability, cooperativeness and reputation.

2. Motivating Channel Members

A company must motivate its channel member's continuously.

3. Evaluating Channel Members

A company must regularly evaluate the performances of its intermediaries.

4. Modifying Channel Arrangements

Modification becomes necessary when customer buying pattern changes, markets expand, products mature, new competition arises and new innovative distribution channel emerge.

There are some factors that should be considered in choosing the place:

1. The place is reachable by the target market
2. If skilled or specialist labor is needed, it is readily available
3. It can easily find the back up of service
4. Are there competitors in neighborhood?
5. It can easily be reached by the employees

2.1.4. Promotion

The writer will discuss about promotion in detailed later. The writers choose this topic for study case because the promotion is very important for all the companies. Promotion is the company's tools to communicate to their customer, marketing intermediaries, and publics. The company may have a good product with good price, but if the company does not communicate it effectively, the business will not work.

2.2. Definition of Promotion

Promotion has been defined as the coordination of all seller-initiated efforts to set up channel of information and persuasion to sell goods and service or promote an idea (*Belch, George E. & Michael A. Belch; Advertising and*

Promotion, An Integrated Marketing Communications Perspective; New York: Irwin/Mc Graw-Hill;2001;pp.14). While implicit communication occurs through the various elements of the marketing mix, most of an organization's communications with the marketplace take place as part of a carefully planned and controlled promotional program. The basic tools used to accomplish an organization's communication objectives are often the promotional mix.

2.3. The Importance of Promotion

Many trends in our society have increased the importance of promotion. The most relevant are concerned with how the customers views the marketplace. For example, today the emphasis appears to be more on quality and less on emotionalism. The consumer wants information and the opportunity to compare choices. This is not to say that humor, glamour, and anxiety cannot help sell product. It suggests that the process is complex and that it is necessary to constantly monitor the interaction that takes place between the consumer and the promotional process. We know that if such interaction is effectively managed, a lasting relationship can be established with the consumer that is built through real values and meaningful communication.

Although forming this type of positive relationship is a worldwide goal, achieving is difficult. The consumer is faced with so many product choices that determining the relative's value each time they consume and is often based on partial information. This means that the consumer often resorts to less than optimal choices, search on a particular "satisfactory brand" and makes repeated purchases to reduce the search effort. Thus marketers are faced with communicating their messages to people who save established product loyalties.

Finally, during the period of economic decline, product planning and channels remain essentially the same and the pricing structure is basically stable. Promotion is needed to maintain the level of sales and profit required in order to the firm to survive. It can do this through a variety of strategies. Redesigning messages, advertising more and helping the salesperson with better sales promotion devices are some of the ways to stimulate consumer demand.

2.4. The Objectives of Promotion

The basic objectives of promotion are reduced to three more realistic directives:

1. Communicate
2. Compete
3. Convince

The first promotional objective is to communicate. The picture of ideas whether it is by advertising, personal selling, sales promotion, or public relation is the principal activity of promotion. It is accomplished partially through fundamental principles of communication. Clearly most of marketing is communication, and most marketing communications are promotional. It is in this context that communication is included as a purpose of promotion.

The second is helping the company to compete consistently and effectively in the marketplace is the second promotional objective. The company may be able to appeal to salient market segments, properly differentiate its product and create a level of brand loyalty that can last for many years. Evidence suggests that without a strong promotional element in its marketing strategy, a company's overall marketing program become dull and unconvincing in contrast to the efforts of its competition. Since gaining market shares is the key to business survival, anything that contributes to this endeavor is worthwhile. More than anything else, the competitor character of promotion defines its vital role in marketing strategy.

The third purpose of marketing is to convince. Marketers cannot settle for just communicating their ideas. These ideas must be presented in a manner that is so convincing that the customer will be led to take the desired action. It may be fairly easy to distribute information to particular target audiences, but quite difficult to provide this information in a way that will stimulate action.

2.5. Promotional Strategy

Promotional activities are growing both in importance and complexity. Today's business must be guided by a unifying strategy that uses promotion to attain its goals. In formal senses, promotion consists of three components:

- Objectives. Deciding where the business intends to be at some point in the future.
- Strategies. The means of reaching objectives.
- Policies. The rules that guide the selection of strategies and the manner in which to implement them.

Designing an effective promotional strategy is a difficult. Time consuming process requires the efforts of many members of the marketing staff. Although there can be a great deal of variety in this process, the following steps are most common:

1. Determining the promotional objectives.
2. Determining if there is a promotional strategy.
3. Selecting the audience for the promotion.
4. Selecting the message
5. Determining how much to spend
6. Allocating promotional funds
7. Organizing for promotion
8. Implementing the promotional strategy
9. Measuring the results of the promotion

2.5.1. Determining the Promotional Objectives

Most promotional objectives can be traced directly to corporate marketing objectives or to particular marketing problems. Promotional objectives have to be included both external and internal factors. Regardless of the factors that influence the promotional objective, to be managerially useful it should have four major components:

1. It should be specify exactly what is to be accomplished.
2. It should define its audience.
3. It should specify the degree to which the audience is to accomplish the task.
4. It should indicate the period of the time in which the task is to be accomplished.

The following list suggests the most common promotional objectives areas:

1. Increased sales. Increasing sales can be achieved by promoting a particular product line to particular customers, or at particular times.
2. Maintained or improve market share. Growth in sales to particular customers or at particular times must be at expense of competition.
3. Created or improved brand recognition, acceptance, or insistence.
Generally, the consumer must be taken through these objectives in this order.
4. A favorable climate for future sales. More common in industrial marketing, the idea is to precondition prospective customers so that they will be likely to react favorably to the seller's product when a need does arise in the future.
5. Informed and educated market. The end result of an educational effort should be to enhance the sales possibilities of the product; however, the immediate objective is to transmit ideas or instructions to the marketplace.
6. A competitive difference. One of the best opportunities for promotion exists in those situations where it is difficult for the buyer to distinguish easily between the physical performances characteristics of competitive products.
7. Improved promotional efficiency. Efficiency refers to the relationship between measured input and output, which means that a promotion should be designed so that its effectiveness can be measured.

2.5.2. Determining a Promotional Opportunity.

If there is a marketing opportunity, there must be a promotional opportunity too. Although the role of promotion is de-emphasized in certain marketing programs, there will always be some communicative, motivational tasks to be performed. Several conditions indicate a favorable opportunity to promote:

1. A favorable trend in demand. It is always easier to promote effectively when moving with the current of consumer demand rather than against it. Although promotion may slow down the rate of decline of product or service, it is unreasonable to expect it to reverse this trend altogether. But

promotional effort can accelerate an increase in demand if the trend is already favorable.

2. There should be strong differentiation. Only product or service can be clearly differentiated if there is promotion that is offered by competitors. Although one objective maybe makes the best of minor differentiating characteristics, such as promotion is bound to be less effective than that capitalizing upon major differences.
3. Product qualities are hidden. Promotional opportunities are greater when hidden qualities of the product are more important to the consumer than external features that can be readily identified.
4. Emotional buying motives exist. The opportunity to promote effectively, especially to motivate or convince consumers, increases when strong emotional motives are associated with the consumer buying process. Even if more rational buying motives are involved, promotional effort that is informative and instructive can be influential in directing buyer action.
5. Adequate funds. The availability of adequate funds is a prerequisite for promotion. Obviously, the costs associated with the various types of promotional activities will vary greatly. It is the manager's responsibility to determine whether the available funds are adequate for initial efforts as well as support over the long run.

2.5.3. Selecting the audience

Selecting the appropriate audience is undoubtedly the most important part of the promotional strategy, yet it is probably the aspect that companies must consider entirely. The companies often think that the only available approach is mass communications. In many instances this couldn't be farther from the truth. The fact is that market segmentation requires promotional message to be directed at the specific target for which the overall marketing program is being designed. However, it is very seldom a single group of consumers direct the promotion.

2.5.4. Selecting the Message

Determining exactly what to say to the relevant audiences is a difficult and important process. The heart of promotion is transmission of significance marketing ideas to the seller.

2.5.5. Determining How Much to Spend

Promotional effort is extremely expensive and is becoming more so every day. In addition, many costs, such as product and channel planning cannot be traced directly to promotional activities. Keeping track of these cost elements is full-time job. There are a variety of techniques employed to determine a budget, none of which is foolproof.

2.5.6. Allocating Promotional Funds

Managers must decide the amount to be spent on personal selling, advertising, public relation, and sales promotion. After determining the major allocations, they must break of these figures down into finer increments.

2.5.7. Organizing for Promotion

How a company organized for promotion depends on the degrees to which desires to perform the promotional function internally or to assign this task to outside agencies. Typically, this sales function is performed internally and sales organization is a part of the overall, standing organization plan. Occasionally, as when manufactures agents are used, outside organizations are employed to perform personal selling. Advertising services may be performed internally or externally.

2.5.8. Implementing the Promotion Strategy

The success of any promotional strategy is largely a function of how well it is implemented. High talented and experienced people are greatly improved the likelihood of effective implementation. Such people are usually found in larger companies or advertising agencies. The outcome of their efforts is the promotional mix.

2.5.9. Measuring the results

Three tasks must be completed in order to measure the results of promotion. First, standards for promotional effectiveness must be established. This means that the market planner must have a clear understanding of exactly what the promotion is intended to accomplish. Second, actual promotional performances must be monitored, and therefore it is usually necessary to conduct experiments in which the effects of other variables are either excluded or controlled. The third step in measuring promotional efficiency is to compare these performances measures against the standards. It is theoretically possible to determine the most effective methods of promotion.

2.6. Types of Promotion

Promotion is one of the marketing mixes, besides: product, pricing and placing. Promotion is the way of the industry to communicate to their present and potential customers, retailers, suppliers, other stakeholders and general public.

Traditionally the promotional mix has included five elements:

1. Advertising
2. Personal Selling
3. Sales Promotion
4. Publicity or Public Relation
5. Word of Mouth Communication

2.6.1. Advertising

Advertising is defined as any paid form of no personal communication about an organization, product, service, or idea by an identified sponsor (*Belch, George E. & Michael A. Belch; Advertising and Promotion, An Integrated Marketing Communications Perspective; New York: Irwin/Mc Graw-Hill;2001;pp.15*)

Advertising is the best-known and the most widely discussed form of promotion, probably because of its pervasiveness. It is also a very important promotional tool, particularly for companies whose product and services are targeted at mass consumer markets.

Advertising can be used to create brand image and symbolic appeals for a company or brand, a very important capability for companies selling products and services that are difficult to differentiate on functional attributes.

Major Decision in Advertising is:

1. Setting objectives. Objective should be based on information about the target market, positioning, and market mix. Advertising objectives can be classified by their aim: to inform, persuade, or remind.
 - a. Informative advertising: used to introduce a new product category or when the objective is to build primary demand.
 - b. Persuasive advertising: used as competition increases and a company objective becomes building selective demand.
 - c. Reminder advertising: used for mature products, because it keeps the consumers thinking about the product.
2. Setting the advertising budget. Factors to consider in setting a budget are the stages in the product life cycle, market share, competition and clutter, advertising frequency, and product differentiation.
3. Creating the advertising message. Advertising can only succeed if its message gains attention and communicates well.
 - a. Message generation. Marketing managers must help the advertising agency create a message that will be effective with their target markets.
 - b. Message evaluation and selection. Messages should be meaningful, distinctive, and believable.
 - c. Message execution. The impact of the message depends on what and how it is said.
4. Selecting the advertising media
 - a. Deciding on reach, frequency, and impact.
 - b. Choosing among major media types.

There are several types of media advertising:

- Outdoor advertising.

Outdoor advertising includes the property's sign and property billboards located along street and highways. Billboards heighten awareness and recognition of the property, have a great deal of

flexibility, and can attract impulse travelers. Disadvantages include the limited message that can be conveyed, the cost of production and maintenance, and the difficulty of measuring a billboard's effectiveness. The advantages are: Flexibility, high repeat exposure; low cost; low competition. The limitations are: Limited audience selectivity; creative limitations.

- Displays

Displays include advertising materials such as transit cards and posters off the property in such places as buses and taxis, transportation terminals and trade shows. This type of advertising is especially effective at the airports and trade fairs: at airport, rescheduling passengers may make last minute lodging decisions, while company has many trade fairs (such as fairs for travel agents or tour operators) are already in the market for lodging industry products and services. Displays have disadvantages, however. For example, many people arriving at transportation terminals have already made a lodging decision and the cost of producing quality, eye catching displays is high when you consider their limited (and often uninterested) audience.

- Collateral Materials

Collateral materials: include brochure, posters, fliers, and tent cards designed to promote the property's products and services. Key chains, shoehorns, and other specialty items that show the property's name (and if possible, address and telephone number) are also considered collateral materials. They also make excellent promotional pieces for travel agents, tour organizers, and meeting planners. There are disadvantages to specialty item advertising, however. In most cases, the small size of specialty item makes printing a long message impossible. Other disadvantages include the lengthy time required for production and delivery of the items, the difficulty in measuring their effectiveness, and the poor distribution rate. The advantages are:

Flexibility; full control, can dramatize messages. The limitations are: Over production could lead to run away costs.

- Print Advertising

- ◆ Newspaper

Newspapers are also used by the hospitality industry more than any other medium, and with good reason. The advantages are: flexibility; timeliness; good local market coverage; broad acceptance; high believability. The limitations are: Short life; poor reproduction quality; small “pass-along” audience.

- ◆ Magazine

The advantages: High geographic and demographic selectivity; credibility, and prestige; high-quality reproduction; long life; good pass-along readership. The limitations are: long ad purchase lead time; some waste circulation; no guarantee of position.

- ◆ Newsletter

The advantages are: Very high selectivity, full control, interactive opportunities, relative costs. The limitation is: Coast could run away.

- ◆ Directories

Directories can be industry or product specific, or they can carry a large variety of advertisement, as in the case of the Yellow Pages. The messages are usually of the reminder type and often tie in with other advertising on television or in the newspapers. Business directories for the hospitality fall into two categories: hotel directories that list for the hospitality products and services, and trade directories that target such as travel intermediaries as travel agents, tour operators, and meeting planners. Business directory advertising reaches a consumer actively seeking hospitality products and services, and is designed to give readers enough information to recommend the property or make a booking. The advantages are: excellent local coverage; high believability,

wide reach, low cost. The limitations are: high competitions, long ad purchase lead time, creative limitations.

- Direct Mail Advertising

Direct mail advertising is one element of a border category of techniques commonly referred to as “direct or direct-response marketing” “the direct” part of direct marketing means that no intermediaries are used; the producer of the services or products promotes directly to customers, takes their orders or reservations and “distributes” the services or products directly. The major direct marketing technique used in the hospitality industry is direct mail advertising. Direct mail shares many of the same characteristic as newspapers and magazine advertising. The advantages are: audience selectivity, flexibility, no ad competition within the same medium personalization. The limitation is: relatively high cost, “junk mail” image.

- ◆ Broadcast Advertising

For many years, this advertising avenue was overlooked by service industry for two reasons: cost and unfamiliarity. The cost factor included both the production of broadcast ads (especially for television) and the nature of the medium itself. Unlike printed advertising is not a form of advertising that can be kept and referred to. Therefore, for the property’s broadcast message to be remembered, it has to be repeated frequently, often offer several stations. This greatly escalates costs.

There are several types of broadcast advertising:

- Radio

Radio’s greatest advertising strength is that it is heard over 83% of the public daily. Nearly everyone owns a radio. The advantages are: mass use, high geographic and demographic selectivity, low cost. The limitations are: audio presentation only, lowers attention than television, nonstandard zed rate structures, fleeting exposure.

- Television

There is no doubt today that television is the most persuasive media alternative. It appeals to all the senses, except smell. Television allows advertisers to use all possible creative formats, including slice of life. The advantages are: combines sight, sound, and motion, appealing to the senses, high attention, and high reach. The limitations are: high absolute cost, high clutter, fleeting exposure, less audience selectivity.

- Video

Since we are living in the television age, it is not surprising that many industries now have videotapes to help sell their property. A video brochure is short (usually four to six minute) presentation of the property's features and services. Some industries are finding that a videotaped interviewed with satisfied client is a great sales tool.

- ◆ Alternative Media Advertising

In addition to this commonly used media, there are a number of more unusual avenues for getting a property's message across:

- Insert in billings. Including advertising in billing can take two forms: individual and sponsorship. Individual advertising is done on the property's invoices, and may include a mention of an upcoming event or promotion.
- Hot air balloons and other "high flying" Message boards on hot air balloons or banner pulled by airplanes; although they are costly they will get excellent attention. They are especially effective when it is used to promote special events.
- Movie theaters. Many movie theatres offer "commercial" time either before or between features. Costs for this option include production expenses as well as actual airing time.
- Ballparks and other sports arenas. Many ballparks and sports arenas offer a number of options for advertising. On of the most

popular is the use of displays boards along the perimeter of the stadium. These boards have the advantages of being in view during the entire event, unlike another option, electronic video screens, which flash messages periodically during the game. This type of advertising puts property's name before the public at a relatively cost and generates community goodwill.

- Parking meters and parking garages. Display cards can be attached to the tops or bases of parking meters and display boards can be placed in parking garages.
 - Bus shelters and park benches. In many communities, advertising space is offered on bus shelters and park benches. The messages are viewed by large number of passing motorists as well as the "captive audience" waiting for the public transportation.
- c. Selecting specific media vehicles. Costs should be balanced against the media vehicles: audience quality, ability to gain attention and editorial quality.
 - d. Deciding on media timing. The advertiser must decide on how to schedule advertising over the course of a year based on seasonal fluctuation in demand, lead time in making reservation, and if they want to use continuity in their scheduling or if they want to use a pulsing format.
5. Advertising evaluation. There are three major methods of advertising pre testing and two popular methods of post testing ads.
- a. Pre testing
 - Direct Rating. The advertiser exposes a consumer panel to alternative ads and asks them to rate the ads.
 - Portfolio tests. The interviewer asks the respondent to recall all ads and their contents after letting them listen to a portfolio of advertisements.
 - Laboratory tests. Use equipment to measure consumer's physiological reactions to an ad.

b. Post testing

- Recall tests. The advertiser asks people who have been exposed to magazines or television programs to recall everything that they can about the advertisers and product that they saw.
- Recognition tests. The researcher asks people exposed to media to point out the advertisement that they have seen.
- Measuring the sales effect. The sales effect can be measured by comparing past sales with past advertising expenditures and through experiments.

2.6.2. Personal Selling

Personal selling involves oral conversations. These are held either by telephone or face to face between salespersons and prospective customers.

Seven guidelines have been suggested for selling service which includes the following:

1. Orchestration of the service purchase which is encountered by identifying buyer needs and expectations, applying appropriate technical and presentational skills, management of impressions and eliciting positive customer participation.
2. Facilitation of a quality assessment by customer by establishing standards of expected performance and using expectations as a basis for judging service quality.
3. Making the service tangible by helping buyers determine what they should be looking for (evaluative criteria), educating buyers on alternative services (comparative analysis) and educating buyers about the uniqueness of the service (differential advantage).
4. Emphasis on organization's image by assessing customer's awareness levels of the generic service and the sales representative; and communicating relevant image attributes of the service, firm and the sales representatives.
5. Use of references from external sources to encourage satisfied customers to become involved in a word of mouth campaign and help develop and manage favorable publicity for the service company.

6. Recognition of importance of customer contact personnel by sensitizing all staff to their role in satisfaction of customers, and minimizing the total number of people interacting with each specific customer.
7. Recognition of customer involvement during the service design process and the customer's capacity to help generate specifications and test concepts.

Direct Marketing is defined as a system of marketing which an organization communicates directly with customers to generate a response and or transaction (*Belch, George E. & Michael A. Belch; Advertising and Promotion, An Integrated Marketing Communications Perspective; New York: Irwin/Mc Graw-Hill;2001;GL5*)

1. Reasons for the growth of direct marketing are:

- a. Precision marketing
- b. Personalization

Personalizing offers to fit the target market and timing orders offers to fit the needs of the consumer such as offers associated with a birthday.

- c. Privacy

The offer is not visible to competitors.

- d. Immediate results
- e. Measurability

2. Telemarketing

Telemarketing is a form of direct marketing that combines aspects with of advertising, marketing research, and personal sales.

3. Relationship marketing

Direct marketing can be used to develop a relationship with customers. It costs four to seven times as much to create a customer as it does to maintain a customer.

4. Integrated direct marketing

Integrated direct marketing is a more powerful approach to direct marketing through a multiple-vehicle, multiple-stage campaign.

5. Marketing database system

A marketing database system is used to implement successful direct marketing; companies must invest in a marketing database system.

Interactive/Internet Marketing

Internet Marketing defined as the achievement of marketing objective through the utilization of internet and web based technologies (Jobber, David; Principles and Practice of Marketing 4th edition; New York: Mc. Graw-Hill International (UK); 2004; pp.553). The Internet and the World Wide Web have revolutionized commercial trading around the globe. Increasingly, organizations have begun to find ways to incorporate these new technologies into their promotional campaigns and channel strategies. Offer customers in different ways in communication, receiving information and buying goods. The internet phenomenon has sparked a period of rapid new product development, partly driven by represented technological knowledge and partly driven by demand.

As the new millennium begins, we are experiencing perhaps the most dynamic and revolutionary changes of any era in the history of marketing as well as advertising and promotion. These changes are being driven by advance in technology and developments that have led to dramatic growth of communication through interactive media, particularly the Internet.

Changes are in store for marketing communication strategy as the internet becomes increasingly an important channel for marketer. Users of personal computers around the worlds are spending more time online and less time watching television or reading printed material. Subscriptions and usage are increasing rapidly.

Marketers have grasped the importance of this development and rushing to establish a presence on the web, creating new and more sophisticated web sites, advertising, and sending both customized and mass mailing via e-mail. Advertising expenditures on the internet are expected to grow rapidly, with English speaking countries leading the way. In many instances, one company's web site may include advertising messages from other marketers with related but non competing services take a look, for instance, at Yahoo's stock quotes page, which features a sequence of advertisements for a variety of financial service firms. Similarly, many internet pages dealing with specific topics feature a small message from Amazon.com that invites consumers to see what books are

available on the very topic by clicking the accompanying hyperlink button to visit the book retailer's site.

Some advantages of internet are it never closes, it opens 24 hours a day, and seven days a week, has worldwide coverage, and can transmit color pictures. The capability of transmitting color photographs to millions of people across the globe makes the internet an exciting promotion tool. Another advantage of the internet is that hospitality companies can show their products through the use of color photos and videos. Visitors to an internet site have the ability to print hard copies of the site's pages.

It is important to have a well-designed site. The initial page or homepage should provide a menu that allows the viewer to move quickly and easily through the site. Ira Martel, director of database operations for Stratosphere Hotel and Casino, states that the internet page must be kept interesting. This can be done by moving pictures, color, sound, contests. It is also important to update the website frequently, creating interest, and giving people a reason to return. (*Ira Martel. Internet Marketing, the Grogan casino Report, January 1996, pp. 42-44*).

The benefits and limitations of the Internet Marketing Technologies to consumers

In order to maximize opportunities to meet and exceed customers' expectations, an organization should assess the benefits and limitations of internet technologies. By posing questions such as "Does the internet change the target and scope of the market?", "Does the internet help satisfy customer needs? And "Will customers use the internet over the long term?" a company can begin to identify how to differentiate its website offer from that of the competition.

Benefits

- Convenience in term of being able to provide access 24 hours a day, 365 day a year. Furthermore, the customer can be permit avoidance of driving to a store, searching for products or queuing at the checkout.

- As an information resource, the internet enables the end of user to acquire information about products, pricing and availability without leaving their home or the office.
- Multimedia: through exploitation of the latest technology, customers can gain a better understanding of their needs by, for example. Examining 3D displays of car interiors or hotel accommodation.
- New products and service can be purchased in areas such as online financial services, and there is the ability to mix together audio, music and visual materials to customize the entertainment goods being purchased.
- Lower prices: it is possible to search for the lowest price available for brands. A specific site allows consumers to surf the internet to find the best following price.

Limitations

- Delivery times are not quite so flexible. The logistical complexities of getting physical goods the last mile to the customer's home can mean that the customer must stay in and wait until the goods arrive.
- Information overload: the amount of information that can be accessed via the internet by an end user can be overwhelming.
- Access to technology: the greater the capacity to incorporate multimedia contents into website operations, the higher the required specifications of the computer to download such content. Many consumers in and around the globe do not have access to even the most basic means of accessing the internet.
- Security: many customers are concerned about using credit and/or debit card to purchase goods online for fear that their details will be captured by 'crackers'.
- Cost implications: the consumer has to make an initial investment in suitable computer equipment, pay for consumables like printer ink and fund the cost of downloading company information.

2.6.3. Sales Promotion

The next variable in the promotional mix is sales promotion, which is generally defined as those marketing activities that provide extra value or incentives to the sales force, distributors, or the ultimate consumer and can stimulate immediate sales. (Belch, George E. & Michael A. Belch; *Advertising and Promotion, An Integrated Marketing Communications Perspective*; New York: Irwin/Mc Graw-Hill; 2001; pp.21)

Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities.

- Consumer-oriented sales promotion is targeted to the ultimate user of a product or service and includes coupon, sampling, premiums, rebates, contests, sweepstakes, and various points of purchase materials. These promotional tools encourage consumers to make an immediate purchase and thus can stimulate short term sales.
- Trade-oriented sales promotion is targeted toward marketing intermediaries such a wholesalers, distributors, and retailers. Promotional and merchandising allowances, price deals, sales contests, and trade shows are some of the promotional tools used to encourage the trade to stock and promote a company's products.

Promotion and sales promotion are two terms that often create confusion in the advertising and marketing fields. As noted, promotion is an element of marketing by which firm communicate with their customers; is include the entire promotional mix element that is discussed.

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Sales promotion tools can be aimed at three audiences:

1. Customer promotions. Sales promotion designed to stimulate consumer purchasing, including samples, coupons, rebates, prices-off, premiums, patronage rewards, display, contests, and warrantees.
2. Intermediaries / Trade promotion. Sales promotion designed to gain reseller support and to improve reseller selling efforts, including free goods, discounts, allowances, cooperative advertising, push money, conventions, and trade shows.
3. Sales forces promotion. Sales promotion designed to motivate the sales force and make sales force selling efforts more effective, including: bonuses, awards, contests, and prizes for best performer.

Sales promotion objective vary widely. Sellers may use customer promotions to increase short-term sales or to help build long-term market share. The objective may be to entice customer to try a new product, lure customer away from competitors' products, get customer to "load up" on a mature products, or hold and reward loyal customers. Objectives for trade promotions include getting retailers to carry new items and more inventories, getting them to buy ahead. For the sales force, objectives include getting more sales force support for current or new products or getting sales people to sign up new accounts.

Sales promotion techniques can be divided into two groups:

1. Special Communication Method
2. Special Offer

2.6.3.1.Special Communication Method

Special communication methods gives the promoter additional options of communicating with potential customers and trade intermediaries. There are:

2.6.3.1.1. Special advertising

Specialty advertising (also sometimes referred to as “advertising specialties”) is free items given to potential customers or trade intermediaries. Often displaying the sponsor’s name, logo, or advertising message. These items normally are either office products or unique gifts. It includes pens, pencils, glasses, ashtray, matches, key rings, calendar, balloons, T-shirts, and many other items.

2.6.3.1.2. Sampling

Sampling means giving away free samples of items to encourage sales, or arranging in some way for people to try all part of service. This is much easier for manufacturers of products to do, because what they have to sell is tangible and can be mailed or handed out. The one exception in service industry’ is establishment that serves food and beverages. Restaurants, bars, and lounges can, subject to certain legal restrictions, give customers free samples of menu items or beverages. These are often done with new items or in an effort to boost sales in certain meal periods or food and beverage categories (e.g., breakfast, dessert, appetizers, wine, mixed cocktails).

Sampling offers these advantages:

- Getting consumers to try the product is superior to getting them to look at an advertisement. It provides the consumer with instant feedback.
- It represents value to the consumer. Many consumers like to think that they can get something for free. For examples, including small portions of entrée and appetizer items within the offerings for “happy hours” is an excellent way to stimulate dining room business.

Some disadvantages of sampling follow:

- Giving away products can become a major expense if it is done for an extended period of time.
- Samples of food products must be served when they are freshly prepared. If the products are to be held for any period of time, care must be taken to ensure that the quality can be maintained.

2.6.3.1.3. Trade Show Exhibits

Main hospitality organizations exhibit at trade show, exhibition, or conventions. Exhibiting at a trade show is similar to putting together a “mini promotional mix” Some exhibitors send out direct mail pieces (advertising) to intermediaries, inviting them to visit their booths. The booth displays (merchandising) attractively portray the available services and may be closely tied in with advertising campaigns. Representatives ‘working’ the booth hand out brochures and other ‘collateral’ and they try to develop sales leads (personal selling). They may also give away specialty advertising items (sales promotion). When the trade show is over, exhibitors often follow up with personalized mailings (direct mail advertising) and telephone or personal sales calls. Trade shows are relatively expensive because they involve travel costs, registration fees, display production, and other costs. However, they offer the exhibitor a highly specialized target audience and an efficient alternative to making sales calls to thousands of prospects.

2.6.3.1.4. Point of Purchase Display

An enormous variety of display items and configurations is available. In the food and beverage industry, menu, wine, drink list, and tent cards are the key tools. Some restaurant and bar also attach banners to building exteriors, or use signs that can be updated frequently, to announce special promotions.

2.6.3.1.5. Educational Seminar and Training Programs.

The hospitality industry invests heavily in this type of sales promotion to inform and educate trade intermediaries. The primary objective is to pass on more detailed information to help the intermediaries sell service to client. Like trade shows, these events, often staged throughout the country, are relatively expensive, but they offer the sponsor a highly targeted and influential audience.

2.6.3.1.6. Visual Aids for Sales Representatives.

The intangibility of hospitality poses a problem for “held” sales representatives. They can not, like most salespeople representing products, demonstrate the service in the prospect’s place of business. Visual aids play a key role in helping them give prospects an understanding of the quality and variety of their organizations’ services. Materials used include three-ring binder that contain photographs, slide presentations, videotapes, stand up display, overhead transparencies, and many others.

2.6.3.2.Special Offers

Special offers are short-term inducements to get people to act in certain ways, frequently to make purchases. These offers are usually run in conjunction with a media advertising campaign and are often supported by some merchandising. They are:

2.6.3.2.1. Coupons

Coupons are the most popular sales promotion techniques. They are used extensively in the hospitality industry, especially among restaurant. Coupons are vouchers or certificates that entitle customers or intermediaries to a reduced price on the coupon services. Coupons are considered the second-best tool, after sampling, for getting people to try services or products.

2.6.3.2.2. Price Off

Price off are simply advertised price reduction that does not involve using a coupon. These discounts are often limited to certain services (menu items, airline routes, and cruise excursion), target markets (senior citizens, children, and teenagers), geographic areas, or time periods. They are really a form of price discounting supported by promotion. Price off is popular because they can be introduced almost immediately. Unfortunately, price off can quickly become “price wars”, as each competitor successively undercuts the last one to introduce the lowest price.

2.6.3.2.3. Premiums

Premiums are merchandise items that are offered a reduced price or free with the purchase of services or products. They differ from specialty advertising because there is a definite obligation to purchase. There are several varieties of premiums, including self-liquidators (sold at a price to recover the sponsors costs) and free premiums (distributed by mail, in or on packages). The most successful premiums require multiple item purchase occasions. In other words, they are “frequency” and “continuity” devices. Customer have to visit more than once to collect the “whole set” or must show several proofs of purchase. Another important guideline for premiums is that they must be consistent with the sponsor’s image (position) and target market. Premium should be thought of as another way to communicate the positioning approach and association with the selected target markets. In summary, premiums must be of an appropriate quality and durability, be appealing, and have high perceived value to certain customer groups.

2.6.3.2.4. Contests, Sweepstakes, and games

Everybody loves to win prizes or games. Entering contests, sweepstakes, or other forms of games is exciting; it elevates your interest in a subject, product, or service. Contests are sales promotion where entrants win prizes based on some required skill that they are asked to demonstrate. Sweepstakes are sales promotions that require entrants to submit their names and addresses; winners are chosen on the basis of chance, not skill. Games are sales promotions events similar to sweepstakes, but they involve using game “pieces”, such as scratch-and-win cards. The use of contests, sweepstakes, and games has been shown to increase advertising readership. They can be very helpful in communicating key benefits, Unique Selling Points (USP’s), and other information. They are also good at elevating awareness and reminding people about the sponsor’s services. Contests, sweepstakes, and games can be directed at customers, trade intermediaries, or sales representatives.

2.6.3.2.5. Recognition Program

A recognition program offers award to trade intermediaries, sales representatives, or customers for achieving or providing certain levels of sales or business. The award may or may not involve cash; in fact, experts feel that non cash prizes are usually better motivators. In other words, items such as trophies, wall plaques, photographs in prominent journals, or free travel are better at getting people to reach sales goals.

2.6.3.2.6. Continuity Programs

Continuity programs are sales promotions that require people to make several purchases, sometimes over a long term period. For example, the customer will get member card which has many advantages if they spend their money € 200 per month for a year. Usually, the objective of continuity recognition program is either to stimulate more frequent purchases or to build long term loyalty for a company brand. They are considered one of the best sales promotions for building a long term business.

2.6.3.2.7. Gift Certificates

Gift certificates are vouchers or checks that are either selectively given away by the sponsor or sold to customers who, in turn, give them to others as gifts. The first type of certificate encourages recipients to try the products, and they function much like coupons. Again, these are frequently used by restaurant. Gift certificates are also extensively promoted by restaurants. A gift certificate “pack” may or may not feature discount on its face value. Sales promotion objectives vary widely. Sellers may use consumer.

2.6.4. Publicity or Public Relation

Publicity or Public Relation refers to non personal communications regarding an organization, product, service, or idea nor directly paid for or run under identified sponsorship. Techniques used to gain publicity include news releases, press conferences, feature articles, photography, films, and videotapes. (*Belch, George E. & Michael A. Belch; Advertising and Promotion, an Integrated*

Marketing Communications Perspective; New York: Irwin/Mc Graw-Hill; 2001; pp.22)

Public relations are defined as “the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organization with the public interest and executes a program of action to earn public understanding and acceptance”.(Belch, George E. & Michael A. Belch; *Advertising and Promotion, An Integrated Marketing Communications Perspective; New York: Irwin/Mc Graw-Hill;2001; pp.24)*

Public relation includes all the activities that a hospitality organization engages in to maintain or improve its relationship with other organizations and individuals. Publicity is one public relations technique that involves no paid communication of information about an organization’s services.

Public relations must be sensitive to two types of publics:

2.6.4.1.Internal publics

Internal publics are the people who are already connected with an organization and with whom the organization normally communicates in the ordinary routine of work.

Typical internal publics in an industry are the employees, stockholders, suppliers, dealers, customers, and plant neighbors. For example, employees want good wages and working conditions, opportunities for advancement, and a secure retirement. Customer wants a dependable supply of quality products provided at a fair price and supported by convenient services. Stockholders want dividends, growth, and a fair return on their investment.

2.6.4.2.External publics

External publics are composed of people who are not necessary closely connected with a particular organization. For examples, members of press, educators, government officials, or the clergy may or may not have an interest in an industry.

There are several tools of public relations. The emphasis here will be on mass communication (i.e. external) rather than on internal Public Relation. They are:

1. Media relations

The relationship between the news media and the public relation director may dictate the success or failure of any public relations efforts. In many cases, it is an adversary relationship. The reporter is motivated by the public's right to know, and the PR person's loyalty is attached to the client or company. Also, media people expect PR people to be experts in the news business and often discount people who are not. Successful public relation is built on reputation, and once this reputation is lost, the PR person cannot function. Thus the road to media respect is via honesty, accuracy, and professionalism.

Most publicity is delivered in the form of a news release (or press release). Consequently, this news release should be written as carefully as if they were produced directly for each particular medium. While they may be rewritten, particularly to fit space and style, the better job the PR person does, the better the chance of it being accepted. If the release is riddled with errors and obvious "puffery", it will not even get a rewrite, it will be discarded.

2. The Press Conference

On various occasions an organization may wish to invite the presses to send representatives to hear an important person. The main advantages of a press conference from a newspaper's point are that it permit each publication to develop an individual story, facilitates questioning, and release a news opportunity to everyone at the same time.

3. Handling Bad news

Almost every corporation's life will have some event that will be perceived negatively by the public. The company public relations staff should anticipate the possibility of disaster and establish a mechanism for dealing with negative news. In the case of a power blackout from a natural disaster, the company spoke person must have basic facts ready to give out to reporters, must designate company spoke person to describe accurately the damage, dangers, time needed for repairmen, and other details; must provide space transportation and perhaps even food. These arrangements must be mapped out well in advance and should be tiled as a battle plan since there will be no time to improvise coverage once a disaster strikes.

4. Publicity Photographs

Photos may be easier to get into a newspaper than stories, however, because many news pictures are so common that anything unusual or interesting in itself is appreciated. Since the public pays attention to newspaper pictures and remembers them, it is well worth taking the trouble to create good photos.

5. Company Magazines/Newspapers

This type of publication is the most common form of company communication. Most of these publications are called internals because their audiences tend to be closely connected with the organization. Externals go to customers or possible customers or to general opinion leaders such as educators and legislators. Their objectives include selling company products, informing readers of product uses, and creating general prestige, goodwill, and understanding.

6. Open Houses and Tours

Those who do know something about where people work and what they produce have a personal interest in that industrial environment and an intelligent comprehension of it.

Since people give their time and attention to a plant tour, their visit should be perfect. Guides must be courteous and well prepared; routes should be carefully laid out. Explanatory signs should be posted as needed, and rest and refreshments should be provided among the most common tour groups are employees and their families, townspeople, and special groups composed of students, scientist, salesperson, dealers, and suppliers.

7. Exhibits

The cost of an exhibit per viewer is extremely high, not only for the exhibit space, which is often sold of construction is high, and the labor cost of running an exhibit is far beyond the probable benefits.

These problems do not constitute reasons for giving up the attempt to get the utmost failure out of even, euro that must be spent. The ideal exhibit is colorful, pictorial, and unusual. If possible, it includes action and participation on the part of the viewers. If they can push button, see pictures, answer questions, the entire better.

Several other types of display activity are related to exhibits, including parade floats, museum exhibits and history exhibits at appropriate sites. Parade floats should be attractive and confined to the impact of a single idea.

8. Meetings

One approach is simply to get everyone together and then tell them something in lecture form, perhaps supplemented by slides. An annual report meeting for stockholders or a mass meeting of employees to announce a new policy is an example of a lecture meeting. Its weakness is that it is one-way communication. The audience's interest can not be assumed unless attendance is entirely voluntary, and achieving two-way communication in a large meeting of this sort is not easy because questions are likely to be long and digressive, denial of questions is not a good policy either. A possible alternative is a number of small groups meeting which would allow for two way communications.

A second approach is the voluntarily attended lecture on some subject related to the business or simply general interest. The employees, their families, and their friends are invited, but it is made clear that attendance in no way affects an employee's job. An informal social hour may well be combined with this type of meeting.

9. Organized Social Activities

Company picnics, Christmas parties, and golf tournaments are some types of public relation. The question as to how much togetherness is desirable in running a business or an organization depending on the size of the organizations and the city in which it is located and also on the expectations of the persons involved.

Management must be careful not to seem to play favorites or to be too paternalistic. Social arrangements are often better left to employees themselves with only cash and moral support provided by management.

10. Participation in Local Events

An organization that sells services should pay more attention to these local activities than a manufacturer. Company often supply speakers and contribute heavily from their own funds and time to local efforts in which the public

relations director is usually the prime mover. When such activity says something about the nature of the company that supports it, it is a justified form of communication.

11. Action Programs

Action programs often viable public relation approach. In the long run, the impact of “doing things” may be tremendous. Awards for town betterment or for accomplishment in work demanding expertness reflect the interests of the donor, giving scholarship and aiding schools in the development of their curricula communicates an attitude toward education, and holding seminars in which scientist can discuss their problems is an act of leadership.

12. Motion Pictures

As one of the most complex and expensive means of communication, the motion picture offers a great opportunity to influence viewers in a way that no other medium can match. Next to its uses in entertainment and education, the motion picture finds its greatest value in public relations. The motion picture can convey ideas quickly and lastingly with subtle emotional overtones, and in today’s television era people are accustomed to receiving their information this way. Unfortunately, motion pictures are primarily limited to showing the external aspects of a subject and often become insincere when trying to portray ideas. Not everything makes a good visual story or spectacle. In addition, motion pictures proceed at a set pace, allowing the viewer who often wants a clarifying two way conversation at the end of film, but this desire is usually not satisfied.

2.6.5. Word of Mouth Communication

Word of mouth as a marketing strategy is still uncommon in many foreign countries, possibly because it is difficult to define as a promotional tool. However the last few years the writers have witnessed an increasing number of foreign companies starting to reap the benefits of this important tool. Realizing that customers like to talk about the product and brands, many European companies now opt to stimulate word of mouth by establishing Web sites on which they provide newsworthy stories, ideas and facts to the public.

Word of mouth (WOM) is defined as a person-to-person communication between a receiver and a source that the receiver perceives as noncommercial regarding a product, service, or brand (Hanna, Nessim and Wozniak Richard; Consumer Behavior an applied approach; New Jersey: Prentice-Hall; 2001; pp.456).

The effectiveness of word of mouth applies across the board in terms of the kind of responses marketers traditionally seek. Word of mouth increases awareness and knowledge as well as persuades and leads to action. Day found that word of mouth was important in gaining awareness of an innovation and the decision to try a new product. He believed that word of mouth is more important than advertising because the source is seen as more reliable and capable of providing the potential buyer the impetus to take action.

Marketers may want to encourage customer's word-of-mouth communication about a promotion. This helps to spread awareness beyond those consumers who want direct contact with the promotion. Consumers may share information with friends about good deals on particular products, a valuable coupon in the newspaper, or sale at a retail store. Consumers often pass on impressions of a new restaurant, retail store, or movie to their friends.

As these examples illustrate, by simply placing promotion information in consumers' environment, marketers can increase the probability that the information will be communicated to other consumers. And because personal communication from friends and relevant others is a powerful form of communication, marketers may try to design promotions that encourage word-of-mouth communication.

Studies have shown that whereas a satisfied customer likely to tell approximately three people about the positive experience, dissatisfied customer is likely to tell eleven people.

However, negative experiences tend to tell more than twice as many people of their poor experiences as those who are satisfied relating good experiences. Thus negative word of mouth communication can significantly reduce the effectiveness of advertising and other elements of the communications mix, and positive word of mouth can result in less expensive formal communications programmed being needed.