

Saimaa University of Applied Sciences  
Business administration Lappeenranta  
Degree Programme in International Business

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**Promotional plan for the small business  
company in conditions of current crisis. Case  
company: RENE**

Thesis 2015

## **Abstract**

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Case company: Rene.

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The purpose of the research was to create a promotional plan that will help a particular company to improve promotional activities and gain more customers. Moreover, it was focused on the most effective ways of promotion which lead to increase in sales.

The data for the theoretical part was collected from the secondary sources, such as books, articles and Internet sources. The data for the empirical part was collected from the primary information source – the case company and secondary source – company's web-site. Moreover, the company's customers were questioned in order to collect information about their attitudes and thoughts connected to the topic.

The result of the study is the promotional plan designed for the case-company, taking into consideration its current performance, supported by analysis and customizing promotional tools for it and based on the customers' experiences. The plan is ready to be implemented by the company and it provides the list of action that the company should concentrate on to achieve its targets and goals. Further research is needed to study the expenditures for the company of implementing and running this plan.

Keywords: promotion, promotional plan, promotional mix, marketing, advertising, market segmentation.

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# 1 Introduction

## 1.1 Background

The name of the chosen topic is: Promotional plan for the small business company in conditions of current crisis. It was chosen because in 2014 the crisis happened and one of its factors was rapid and extreme decrease in world's economy and in Russian ruble exchange rate. This aspect is important because the thesis will be based on a Russian company which is highly dependent on this exchange rate. As an output of the thesis work, the company will benefit by increasing the number of customers and, as a consequence, the number of sales. It is extremely important for the company at this period of time because the previous way of marketing is not working as needed anymore. Moreover, it will clarify all the aspects of preparing a promotional plan for different circumstances.

## 1.2 Objectives of the study

### 1.2.1 Purpose

The main purpose is to prepare the plan that will help the particular company to survive in the current conditions and can be implemented immediately. This plan will become a new basis of the company's further promotional actions. Due to the type of the company, it will be mostly oriented for the aspect of gaining new customers because now the company is mainly focused on its permanent consumers not on attracting new ones. To make it more exact and particular different theoretical meanings and concepts of marketing will be analyzed and included in the thesis and implemented in the plan.

### 1.2.2 Research questions

The main research question will be: "How to create a working promotional plan focused on gaining new customers using different marketing channels for the small business company in conditions of economic crisis?" To answer this question, the current performance and strategy of the company will be analyzed and the new suitable strategy will be developed to meet all the expectations of the company. To define everything properly, the main question will be divided into few sub-questions which will help to answer the main one in deeper details:

- “What is the current market situation?” This question is more about the general position of the company in the market. The competition, the objectives, the difficulties caused by the crisis will be discussed within this question. Moreover the niche of the company will be discussed what will lead to the second sub-question.
- “Which marketing and advertising strategy will be more suitable for the particular case?” After the situation in general and in the company will be clarified, it would be easier to identify the needed and most suitable strategy which should be implemented. Here, different theoretical issues, theories and questions will be discussed in terms of the particular situation of the company.
- “How to implement this strategy?” This question is devoted to the implementation of the promotional plan. So, the plan itself will be developed, the research among customers will be done as an empirical part.

These questions will form the basis for the thesis and the main objective is to give a clear and right answer to them.

### **1.3 Delimitations of the study**

This thesis will include all the marketing aspects, which could help to develop, organize and run the promotional plan. The analysis of the target customer of the company and the concept of promotional mix, which include different promotional tools will be deeply studied in order to prepare the promotional plan focused on customers’ needs. Moreover, political and economical aspects will be touched, but only to show the current situation and difficulties for implementing the plan. Also, an analysis of the case company will be included, because its position on the market is significant for preparing the right plan. The empirical part will be conducted in order to collect information from the customers and only from them. Neither the company’s employees nor company owners will be questioned, they will only provide general information about the company.

The thesis will not touch the costs of integrating and implementing the new plan for the company and also it will not be based on any economical calculations.

## **1.4 Theoretical aspects**

### **1.4.1 Key concepts**

The concept in this study will be the concept of preparing a customized promotional plan for the particular company in the terms of current situation on market. This concept will be studied from the points of view of different marketing theories and ideas. The main concept of the thesis is combining promotional tools in order to make them suitable for the particular company, so the study and all the theoretical models will be discussed for preparing objective basis for choosing different promotional tools.

In addition, this thesis is not divided into theoretical and empirical parts. It is divided into topics and they contain information firstly from the theoretical point of view and then from the empirical. It is done mainly to make the promotional mix analysis more clear and logical. Every concept is firstly discussed generally, in terms of if it is applicable to the particular kind of a situation and then it is showed in which exact way it should or should not be implemented by the case company. This type of organizing the work has been chosen because it allows not to duplicate information from theoretical part to empirical, otherwise it will be hardly possible to read and comprehend it.

### **1.4.2 Suitable theories/models**

Firstly, SWOT analysis is done in order to identify the company's strengths, weaknesses, opportunities and threats. Further, it helps with building the right promotion strategy based on these issues. They underline the points on which the company should focus when preparing advertising campaign.

The concept of Market Positioning has been chosen to identify the particular niche of the company to make a promotional plan much oriented for its position. It was studied with the help of the book written by Ries and Trout in 1981, called Positioning. The battle of your mind. The core ideas were taken from this book in order to analyze the company's position in the market in basic terms.

The concept of Market Segmentation was applied in order to explain in details the configuration of the target customer profile and how it has been done. These two chapters are divided but basically they represent the same idea, so they

complement each other. Market Segmentation was studied by the variety of authors, for example McDonald, M. & Dunbar, Gunter, B. & Furnham, Armstrong, G. & Kotler, Pickton, D. & Broderick, A. and the research about the topic is based on their works and findings.

The main concept which is used in this thesis is the concept of promotional mix. It is based on many different sources and articles which help to look on this concept from the points of view of different authors and experts. It is done so in order to clarify every tool in the promotional mix in details and give the right conclusion about which tools suit the company best.

The concept of advertising message is also studied for creating the right message which will be valuable for the customers. As a part of promotion, advertising is very significant and that is why the message which is theoretically analyzed is proposed to the company. The research about making a good advertising message is based on Kate McFarlin's article "Effective Advertising Messages".

Moreover, theoretical basis for choosing the right research strategy and organizing it was taken from the previous study information (lecture notes) of the researcher. Information is provided by Saimaa University of Applied Sciences on the course of "Planning and Implementing Marketing Research".

Information about the current situation in the Russian market is taken from Russian TV, especially news programs. It is not possible to address to the particular source, but this information was collected by the researcher from actual TV programs, news web-sites and opinions of Russian people.

### **1.4.3 Core authors**

- The book of authors Rajput, Namita, Vasishth, Neeru 2008, "Advertising and Personal Selling" contains all the information about the stages of personal selling and how to make them effective to your business. As far as personal selling is important part of the new marketing strategy, this book can clarify a lot of issues about it.
- Ries, A., Trout, J. 1981. Positioning, The battle for your mind. This book contains highly relevant information about brand positioning in the market. To understand better the position of the case

company to integrate it in a promotional plan, it will be studied and the main points and ideas will be applied.

- Pickton, D. & Broderick, A. 2005. Integrated marketing communications, Identifying target audiences and profiling target markets, 2nd Edition. This book will be studied to prepare the right profile of target customer and to help in the chapter about market segmentation.

Moreover, a big number of articles about the topic was studied. They were taken from reliable sources and written by competent authors. Knowledge from previous studies and courses will be applied and especially from “Planning and implementing marketing research” done in Saimaa University of Applied Sciences, Finland and “Personal Selling and Negotiation Skills” done in Nanyang Polytechnic, Singapore. The case company’s owner will be the provider of information about this company.

## **1.5 Research Method**

In case of “Rene” not the quantitative (numerical data), but the qualitative (the idea of answers) data is required, so the qualitative research method is chosen. It will be done in two ways – questionnaire and personal interviews. It is done so because the interviewer is not able to collect enough information because of the location of the shops where interviews are held. So, as a first part of empirical studies, the questionnaire will be implemented and after that customers in the shops will be interviewed to clarify some points which will not be enough discussed in the questionnaire. The research took place in Saint-Petersburg because the company and its shops are situated there. The customers were interviewed by the shop-assistants and the interviewer himself to get more results and create larger database. Preparation and performing of the research is based on the background knowledge based on previous studies in the University and mainly on course “Planning and Implementing Marketing Research”

## 2 Case Company Analysis

### 2.1 Company Description

The Russian company called “Rene” had been chosen as a case company. The company has been operating in the Russian market since 1995. It is a small business company with 15 permanent employees and monthly turnover of 2.5 million Russian rubles. It means that in one month it has a turnover of almost 36000 euro a month and 430000 euro a year due to the current exchange rate. This company is a retailer of women’s clothes and specializes in big sizes. This is quite a narrow niche and it means that “Rene” does not have a lot of competitors but it should be very significant in the market to gain new customers and their satisfaction. The company’s mission is to make every woman beautiful, not depending on their complexion and their vision is that every woman has a right to be free and beautiful.

The main suppliers of “Rene” are situated in Turkey, France and Italy. The working scheme is that the company’s representative flies to these countries every month or two months (depends on the demand), chooses goods among the presented ones due to the current trends in Russia, makes an order to be delivered and negotiates about the next time and clothes which will be demanded. The company’s representative is always Mrs. Antonova Elena who is the current leader of the company. It is done so because the company is quite small and Mrs. Elena has brought it up from the very beginning and that is why she is not willing and ready to entrust someone the choice of upcoming collections.

Now, the company is losing its revenue because of the crisis terms and decreasing in buying ability of its customers. It has just closed the most profitable shop in the city center of Saint-Petersburg because of a conflict with the landlord. Fortunately, there was one place available just in front of its old location, so now the company is constructing a new shop and planning to open it. Political and economical instability in Russia plays a very important role in the company’s performance and that is why it needs more competitive marketing and promotion. That is why this thesis is devoted to this company to help it to survive in the current atmosphere and conditions. The company itself is ready to improve its marketing performance and that is why it is really interested in a particular topic

of bringing new customers. Political and economical factors should be analyzed in this case to make it clearer why the performance of the company should be changed in accordance to the current situation.

## **2.2 Current Market Influence**

### **2.2.1 Political Situation**

Now there is a very hard situation because of political sanctions in Russia. Even though they touch mainly foods, all other sectors also have problems with import. The main suppliers of “Rene” are situated in Turkey, France and Italy and now these countries act skeptically towards Russia. It is becoming harder to work with them because they think that the Russian economy can ruin in one moment and that is why they avoid long-term contracts. Suppliers prefer one-time agreements because of instability in Russia and it brings uncertainty in the working process of “Rene”.

Moreover, now there is a huge amount of propaganda on Russian TV. People are strongly advised to support Russian producers by buying their production, not imported one. Actually, it does not really influence buyers’ minds but many of them start to doubt in quality and price, if it is adequate. The problem is that people do not really know about the quality or how the price is formed, they know only what they are told by TV. So, for the company it means that it loses some of the customers because there is usually someone who can offer a lower price on worse goods.

### **2.2.2 Economical Situation**

The current economical situation causes even more problems for the company than political. Because of economical crisis, Russian ruble has significantly decreased compared to US dollar and euro. The company is buying its goods in the foreign currency and then selling it in rubles, so it means that the revenue has also decreased. Firstly, when ruble dropped, it occurred so that the company was selling its goods for the less value than they were bought. Because of the fact that the original prices from the suppliers were not changed, the company had to increase the price for the clothes in shops. People’s salaries were on the same

level and it means that the company has lost many customers who were simply not able to buy the company's production for higher price.

When the crisis occurred, ordinary people decided to spend their savings on things which would be increased in price, but still are sold for the usual price i.e. cars, technical equipment and real estate. It was a real explosion in the Russian market when auto salons and shelves in technical shops became empty in a few days. For people these things were assets which they could further resell and make money from it. But, of course it did not significantly touch clothes market, especially the niche of "Rene" because these types of clothes are not common and usually bought only in shops, not from other persons because the sizes and appearance are unique. Of course, during those weeks there were more customers and purchases in "Rene" shops but it did not bring the company any profit, but loss because the next party of clothes cost the company more than it made from selling the previous one. So, one month after that, the shops were empty and the business itself was extremely unstable. After that, the trade began to get better slightly, but it is still not on the same level as it was before the crisis. Moreover, after the collapse of Russian ruble, the rent was extremely increased. It was also a very tough issue for the company because it had to pay more for the place to trade when there is no actual trade. Of course, this is an obvious consequence of extreme decrease in the national currency exchange rate, but it has almost ruined the company.

### **2.3 SWOT analysis**

In this case SWOT analysis can be useful in a process of preparing a promotional plan. It helps to highlight the issues which can be effectively used in advertising and attraction of new customers. Moreover, it identifies the main barriers and reasons why the current marketing performance is not as good as it should be.

#### **2.3.1 Strengths**

- The main advantage of the company is its field of operation. It is focused on a narrow niche of a market and it means that competition is lower than in broader fields.

- Locations of the shops. The company owns three shops and all of them are very nicely situated. The location is the city center of Saint-Petersburg but different parts of it. It makes easier for the customers to choose the nearest shop to their home or work. Moreover, shops are located in the places where there are a lot of people walking by every day.
- Spacious and cozy shops. The atmosphere in the shop is very customer-oriented. Soft chairs and sofas are harmonizing with shelves and stands with clothes. Dressing rooms are equipped with large mirrors. Lights are very bright so that every detail of a particular dress is visible.
- The showcases of the shops. Shops have been chosen not only by their location but also by ability to show people on the street what kind of goods are sold inside. Showcases are the height from floor to ceiling, making the company able to put mannequins there with the company's clothes on.
- High quality production. The goods that are sold in "Rene" shops are the high quality products from well-known brands from Italy, France and Turkey. They have earned a high level of customer satisfaction because of unique style, good materials and all possible large sizes. It is always up-to-date with fashion trends and seasons.
- Production is always chosen by the company's owner, Mrs. Elena Antonova. She has been running this business for 20 years and it can be said that she is a master of it. She knows what her buyers need and what they will buy.
- Permanent and devoted customers. During 20 years of experience, the company has gained many customers who became customers of a premium value. The company is highly focused on them and builds its strategy to satisfy their needs, so that they will never shop at other places.
- Skillful and experienced shop assistants. All of them were hired because of their good ability to communicate with customers. Most of them are working with "Rene" for more than five years and know personally many of the company's customers and because of that they can help to choose clothes by the personality of a particular customer.

### 2.3.2 Weaknesses

- Despite the fact that the level of competition is not very high, there are still some valuable competitors. Their main advantage is lower price because of worse quality. Because of the current crisis a lot of people choose to save money wherever it is possible and that is why these competitors are more attractive for them.
- Operating in different currencies. In case of “Rene” it becomes a real weakness because it gains money in rubles, but spends in US dollars and euros. In terms of the current crisis it is a serious loss for the company because ruble is very unstable and unexpected now.
- Non-stable relationships with suppliers. As it was discussed before, suppliers feel unsecure about the Russian market and that is why they prefer to make deals on one-time basis.
- Not improving marketing performance. The company has its old marketing channels with customers but is does not want to implement new ones because of fear to fail. Old channels work well, but not well enough to gain new customers, they are more about keeping relationships with permanent ones.
- A narrow niche is also a weakness because sometimes people from street do like some kind of a dress, but there are only big sizes, so customers are lost because of that.
- Not developing and rarely updating web-site. There is no one in the company to do this job and that is why different people from time to time update it if there are significant events or sales in the shop. This is not the good way of keeping a web-page, because nowadays a lot of people use Internet and it will be comfortable for them to get information from the company’s web-site.
- Not owning land for the shops. Despite the fact that it is a common practice to rent a place for the shops in Saint-Petersburg, it has turned into a big problem for the company. The landlord decided one day that it is not profitable for him anymore and simply kicked the company out of the place where the shop was located. It caused a very costly and time-consuming

procedure of searching for the new place and constructing it. So, it is very unstable for the company to depend on somebody in this issue.

### **2.3.3 Opportunities**

- Getting new customers. By improving the company's performance and implementing a new promotional plan there is an opportunity to increase the customer database. Due to the new ways of marketing and advertisement the company is planning to significantly increase the number of permanent customers and keeping relationships with them.
- Increasing sales and profits. Because of new customers who are planned to be attracted, the revenue will grow. It means that the company will have more cashflows and because of that it will be able to hire more people to control and operate them. This step will increase the market share of "Rene" and rise its social value. More working places will be provided and performance will be improved.
- More comfortable channels of communication for the current and target customers. The new promotional plan is focused not only on getting new customers but also on improving the ways of communication with the company's existing customers. It will help to gain more customer satisfaction and loyalty.
- Improving personal selling techniques of salespersons in the shops. After implementing the new plan, shop assistants will be able not just to give high quality recommendations, advises and feedbacks, but also prospect customers and perceive them in a highly professional and suitable way so that they will want to make new purchases and come to the shops more and more.
- More sustainable relationships with suppliers. After the crisis will pass and the economy in Russia will become more stable, it will be possible for the company to create new and better ways of collaboration with its suppliers. Because of the facts that the company will grow, have better market shares and the economy will stabilize there will be no more barriers for the suppliers to accept and keep continuous partnerships with "Rene".
- Ability to buy the land. After increasing revenue and profit, the company will have more money to spend on its development. One of the significant

factors for its stability is having own land for the shops. Even if something goes wrong, for example not very good place chosen for the shop, this land will be able to make stable month profit for the company.

- Training special personal for choosing further production for the company. Because of the fact that the company's owner is always do this job by herself, she is physically not able to concentrate on many other problems. This problem can be solved if the company hires specialists and trains them for performing this job.

#### **2.3.4 Threats**

- Economic collapse in Russia. If the economic situation in Russia continues to become worse it can have a critical impact on the company. It operates in different currencies and that is why it is highly dependent on the euro/ruble and US dollar/ruble exchange rates. If the value of ruble continues to decrease, "Rene" will need to increase the prices for its production in Russia and it will make the company less competitive which will cause decrease in the number of customers and as a consequence in the number of sales. The company will lose money and simply close.
- Increase of original price of goods. If the suppliers rise the price for their production, it means that prices in "Rene" shops will also rise which will lead to losses. As an alternative, the company will need to find new suppliers to work with but it can consume a lot of time which will also lead to serious losses.
- New governmental restrictions. Because of the fact that now the political situation between Russia and Europe is quite strained and unstable, nobody knows what kind of sanctions and restrictions can follow. If the new law about imported clothes is issued, a lot of businesses in Russia will be suffered or even closed and "Rene" is among them. It will lose the ability to import good quality clothes from Europe and it means that it will lose its main competitive advantage.
- Problems with landlords. If there occurs one more situation when the company will have to immediately leave the shop without preliminary preparations, it will have very serious impact on it. Moreover it can badly influence the willing of the owner to open a new shop. There is always a

great stress when this type of situations happen and one of them could become the last.

## **2.4 Market positioning of a company**

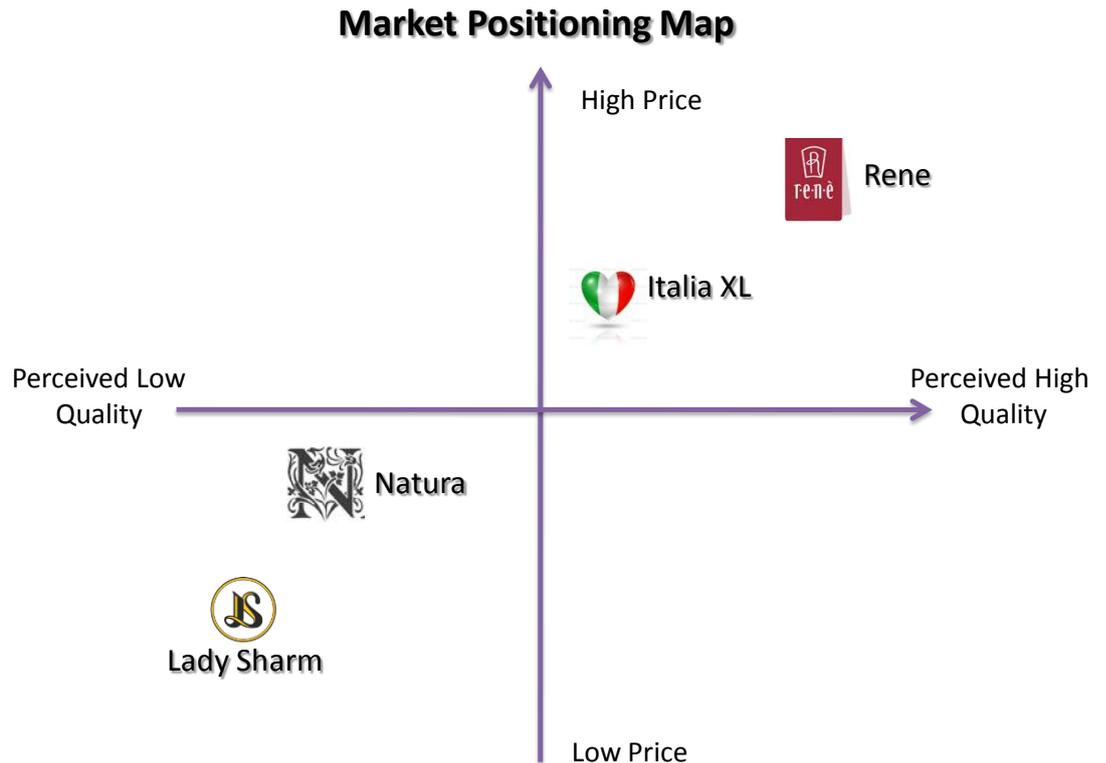
Rene is considered to be a brand and Brand Positioning in the market is undoubtedly one of the most significant elements of any marketing strategy and especially promotion. In order to understand the direction of promotional strategy, there is a need to reveal what position the company occupies on the market and in customers' minds. If the company positions itself in the market, promotional strategy should be adopted for this position, because customers do not expect extraordinary advertisements and promotional performance from companies who do not position themselves as a low quality and low cost brands. That is why it is so important to discuss this issue in this thesis – it will help to organize promotional plan according to the company's position in the market.

If the company's market position is clearly defined and selected by the business owner, communicated to the stakeholders inside and outside the company, marketing program becomes more focused, and therefore more effective and efficient. Wisely selected market positioning can even improve outputs of the marketing expenditures. (Semans 2010.)

According to Ries & Trout (1981), the company's market positioning refers to its unique position in the audience's minds, connected to a very specific and differentiating set of associations. Brand positioning is also defined as one of key concepts conditioning a brand's competitive market position (Guidry, 2011).

Most sources define brand positioning as "creating a distinct place for your brand in the mind of the consumer" and that "key messages are derived from that position". Obviously, company's "distinct place in the consumers' minds" should differentiate from competitors. The simplest positioning definition today is "what you want to be known for." (Semans 2010.)

"Rene" positions itself as a high quality product provider and sets a relatively high price on it. The niche of women's clothes of big sizes is still loose in St. Petersburg, therefore "Rene" has no direct competitors on the market. Most big size clothes providers offer lower quality items, therefore they have an advantage in lower prices. The Market Positioning map is presented below:



Appendix 1. “Rene” Market Positioning Map.

It is obvious that “Rene” takes a distinct position among competitors on the market and in customer’s minds. Those customers require a special approach, since the pricing level is high. Thus, the promotion strategy has to be individualized and advertising message should be focused on uniqueness and high quality of the product.

### 3 Customer Research

#### 3.1 Data collection methods

The whole process of choosing data collection method and implementing it is based on Mirola’s (2014) lecture notes on “Planning and Implementing Marketing Research”. The choice of data collection method is a very important step in performing a research. For each type of situation there is own suitable way to collect information. It depends on the size of the needed information, its

relevance, the respondents' profiles and type of information that is needed to be collected.

In case of "Rene" the quality of data is required, not the quantity, so the qualitative research method is chosen. It will be done in two ways – questionnaire and personal interviews. It is done so because the interviewer is not able to collect enough information because of the location of the shops where interviews are held. So, as a first part of empirical studies, the questionnaire will be implemented and after that customers in the shops will be interviewed to clarify some points which are not enough discussed in the questionnaire.

Based on this customer profile, it is easier to prepare a questionnaire that will interest the customer. Here are the main points, which should be considered while making a questionnaire:

- Questionnaire is done to collect information about the company's marketing channels and about the company's performance and customer satisfaction about it in order to improve and gain more customers of a target group.
- Questionnaire should not be long, because customers are valuing their time, so it should not be more than one page because it is psychologically easier for them to accept it if it takes less than a minute.
- Many of the permanent customers are quite old and it means that they do not have very good eyes. That is why questions should be short and the font should better be large not to make customers waste their time by finding their glasses.
- Questions should be simple, in majority multiple-choice structured. It is also referred to the time-saving concept.
- Questionnaire should be eye-catchy to make customers want to answer it. The company's colors had been chosen for that because many clients know them and these colors are bright enough to catch attention.
- Moreover, one rating question and one open question with a request to write a feedback should be included because customers usually work on high positions and they are convenient with rating and giving feedback.

Questionnaire sample is done in two languages – Russian and English, because the audience which is asked to fill it is Russian, but the thesis is done in English. These samples are created by the researcher and can be found in Appendices as Appendix 2 for the English version and Appendix 3 for the Russian version.

In addition to the questionnaire, personal interviews should be implemented. The interviewer is getting information by visiting shops and talking to customers in a free form. The subjects of the interview are relevant to the topic of studies and it means that the interviewer is trying to figure out how to make target customers know about the company and its shops. Not only the questionnaire but the interview is needed to get more needed and relevant information. In The questionnaire only general questions are presented but there is no detailed answer to them. So, the interview is going to answer this in deeper details after getting information from the questionnaire. The structured and translated results of the interview are presented below in a form of Question and Answer conversation. Moreover, some issues about preparation to this interview are also included.

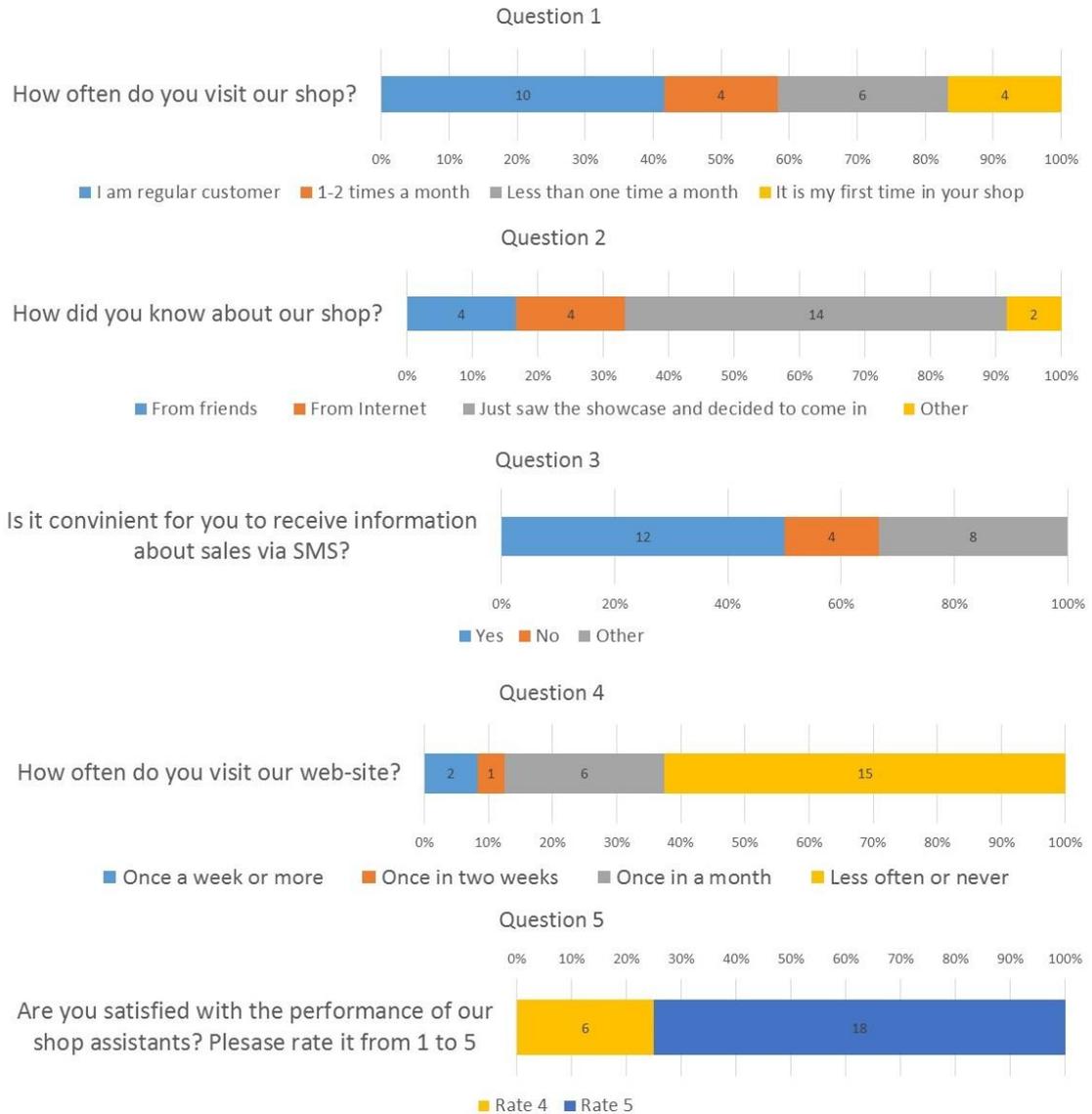
Preparation:

- Choosing the type of the interview. The sample size is relatively small and each opinion costs a lot. Questions are pre-designed, but the interviewer should act according to the situation. So, the researcher's involvement is quite high and workload in the analysis is large. Due to the Metsämuuronen (2006), these are the parts which describe the semi-structured interview.
- Designing preliminary questions for the interview which will help to understand the ways to reach the target group of customers.
- Collaborating with the shop-assistants to make interviews not very formal, but in a form of conversation during the purchasing period.

### **3.2 Research Results**

The process of questionnaire was lasting for two weeks. During this time, 24 forms were filled in by customers of different "Rene" shops. In the next two sub-chapters the results of the questionnaire and the results of the interviews are presented and analyzed for better understanding of promotional plan needs.

### 3.2.1 Questionnaire results



#### Appendix 4 – Questionnaire results

Question 1 is designed to identify the percentage of permanent customers among others. Only 24 people answered the questionnaire and almost half of them are permanent customers. It proves the fact that the company is highly oriented on its existing consumers and that they are the main public visiting the shops of “Rene”. Based on the results of this question, it can be seen that the promotion of the company should not only be focused on permanent customers, because less than 60% visit shops not on a constant basis. Due to this fact the company

should start to advertise itself in a more aggressive way, trying to increase the number of people coming to the shop.

Question 2 discusses the promotional and advertising channels which helped the company to be known among the customers. As it can be seen the most productive way to attract buyers is the showcase. The company really succeeded in attracting random people from the streets but it means that other channels should be developed. The results show that there are people who use the Internet to find information about the shop. It means that the web-site should be improved and strongly advertised in the web. Moreover, the word of mouth, which has a huge power on customers' minds is not well perceived. It will be good to ask customers who had just made a purchase to tell their friends about the shop and increase the potential market by that. 2 persons answered "Other" but did not specify their answer, so it is hard to measure other advertising channels, but due to the fact that this number is small, they should be improved.

Question 3 is oriented on a permanent customer who receives messages via SMS from the company about upcoming events and sales. Almost all of them answered that it is convenient for them to be informed in this way. Customers who were first time in the shop marked that it will be more comfortable for them to get information through e-mail and only one customer mentioned that she wants to get personal calls. She is the minority, but the company should consider her opinion. So, to make it more comfortable for everyone, it will be good to include a question about the way of communication to the application for the permanent customer card and contact buyers considering their choice.

Question 4 in the figure above shows the effectiveness of the company's web-site. The majority of customers does not use it at all. The possible explanation could be that they are elder people who are not familiar with the modern ways of getting information. It proves the need in other advertising channels such as fashion magazines because they are much popular among elder ladies than the Internet. On the other hand, almost 40% of the respondents monitor the web-site at least once in a month and it means that it must be always up-to-date, providing relevant information for those who use it. Moreover, if the web-site will be promoted in a different searching platform it will become more popular and the number of customers who are using it will increase significantly.

Question 5 was aimed at obtaining customers' feedback about shop assistants' performance. The results are higher than they were expected to be and it means that the company maintains personal selling on a highest level because customers rated it with only 4 and 5 (the highest marks possible). The sales representatives of "Rene" know what they do and how to do it in a proper way to keep customer satisfaction on a highest level. According to that it can be said, that personal selling is not the core promotional tool to improve. It can be left on the same level while the company will focus on other advertising channels which could help to gain new customers.

Question 6 is an open question and that is why it is not included in the figure above. The question is: "In your opinion, is there anything we should improve?" The majority of respondents did not answer this question, only seven of them did. The answers are not connected to the current topic they are mainly about the availability and choice of production. It does not mean anything for this survey, except the fact that customers should be better asked about issues they would like to improve in the company's performance. It will help "Rene" to have enough models of clothes in the shops and by that increase the level of customer satisfaction.

All in all, this questionnaire helped a lot in organizing the promotional plan. It highlighted the main points that the company should be focused on, clarified the strengths and weaknesses in the promotion of "Rene". Despite the fact, that there were not many respondents, their answers should be considered very significant because the percentage of buyers who answered the questionnaire was 90% for the certain period of time.

### **3.2.2 Interview results**

Interviews were conducted among the customers of "Rene" shop who were making their purchases. They were done with customers who had time to talk and openly answer the researcher's questions. Personal interviews were conducted in order to collect more qualitative data from customers. The questionnaire includes only multiple choice questions and one open question and it means that it provides only statistical data. To prepare a promotional plan which is generated considering customer needs this data should be deeply studied and analyzed. That is why personal interviews were selected as a second data

collection method. It is based on the results of the questionnaire and it is focused on providing details of questionnaire responses. All the questions and answers are combined into most meaningful for the promotional plan, so there are no particular answers of respondents presented but the most common ones.

Question: How do you choose places where to do shopping?

Answer: Usually I do shopping in the shopping malls, but when I'm interested in a particular type of product, I usually search for the reliable shop with a good reputation through the Internet and fashion magazines.

Analysis: Due to the fact, that "Rene" shops are not situated in the shopping malls, the company should adopt more aggressive advertising through the Internet (own web-site and social networks) and magazines.

Question: When you walk down the street, do you pay your attention on the showcases? And did the showcase of "Rene" attract your attention?

Answer: It depends on if I am in a hurry for somewhere or not, but if I have spare time I usually do. The showcase of your shop is an extraordinary one and especially I would like to mention how it is highlighted. It really attracts attention, even if you are not planning to shop, you remember that this shop is worth visiting one day.

Analysis: The shops are nicely positioned on the street and attract people's attention. Most of the customers who were asked, decided to go in when they saw the shop from outside.

Question: What do you like about "Rene" shops?

Answer: It is hard to find good clothes for women with a non-standard appearance. "Rene" is one of the best providers of high quality and large size goods for women. I also like that it is focused on it and position itself in the market as a provider of large-sized, not just making money on everything.

Analysis: Most of the customers mentioned that the narrow niche of "Rene" is a great advantage among competitors, because all the needed sizes always can be found. I points out on which factor the company should concentrate when preparing advertisements.

Question: Do you like how the shop assistants work? Do they do their work professionally? Would like to mention anything special?

Answer: I am totally satisfied and pleased by the work of your shop assistants. They meet you at the door, ask different questions relevant to purchase and motives for it and try to communicate in order to help you make the right decision. For example, they usually ask me for what purpose do I want to buy clothes – for daily usage or for going out somewhere. It helps to choose the right color, the right model etc. I have nothing bad to say about their work.

Analysis: The staff works perfect. Basically there is nothing to change, but when there will be free time and money for that, it will be benefitting for the company to organize professional training about personal selling for shop assistants. It will help them to understand the customer better and improve their own selling skills which is always an advantage.

Question: As our permanent customer, do you receive SMS from us with the information about sales? If yes, do you like this way or would you prefer another one and why? What do you think about personal phone calls?

Answer: Yes, I do. It really simplifies my life. When the season changes and I need to go to buy new clothes, I always got a message from your company with announcements about new collection. I do not really use Internet, but I suppose there will be nothing bad if these messages will be duplicated to the e-mail because almost everybody nowadays use it. What about phone calls, I suppose it is not very comfortable. They can interrupt an important negotiation for example. But there are people who prefer to get information in this way. So, I think that it should be personalized in order not to be irritating.

Analysis: Sending an SMS is a good way to communicate with customers, but this is not enough for the modern world. The messages should better be duplicated to the e-mail or, otherwise, communication should be personalized, but it is much costly and time-consuming. To implement it, the company should hire an additional specialist but in the current situation it is not cost-efficient because there are not that many customers to contact with.

Question: Have you ever visited our web-page? How do you find it?

Answer: Yes, I have visited it for a couple of times. Firstly, I noticed it on a business card and decided to check how it looks like. I have spent about 5 minutes to find it because it was not the first page it Google, even for the “Rene” request. So, it is quite hard to find it. The web-site itself is very nice, in good colors a well-structured with photos of current production. The only thing I did not like is that the latest news are written in small letters and actually were not noticeable.

Analysis: The web-site must be promoted. It is hard for customers to find it and may be the reason why it is not popular among them. It has to be on the top of the Google pages or at least on the first page to be noticeable. Moreover, the site must be up-to-date with a colorful and bright headings about upcoming events, sales, collections, etc. Almost all of the customers who visited the web-site, mentioned this problem.

Question: Do you read fashion magazines? Do you think it is a good idea to place advertisements there?

Answer: Yes I usually read fashion magazines, but not at home. Most often it happens in places like beauty salons, where you have to wait and there is a variety of them to read and it occurs quite often. I think that if it will be a nice advertisement which tells exactly what shop is oriented for, I would pay attention on that.

Analysis: Advertising in journals and magazines should be considered by the company. The women of a target group visit beauty salons often and they read these magazines and journals there. If they will see an advertisement in a magazine they more or less trust, they can be interested in visiting “Rene” shops.

Question: How do you find our events and special sales as permanent customer?

Answer: I appreciate them a lot. I try not to miss any of that, because atmosphere is good, there are usually some snacks and champagne provided. To say more, I usually recommend my friends to come.

Analysis: All the respondents who have participated these events, really liked them and those who have not want to visit one day. So, this is a good way of attracting people and it may be a nice idea to include in the SMS with the invitation the phrase which will remind and motivate customers to tell their friends about these events.

All in all, interviews were very productive. Their results supplemented the results of the questionnaire with more personal attitudes of customers. After analyzing them it became clear which promotional tools “Rene” should use in order to attract new customers and save relations with the existing ones, and which should not. Moreover, they gave a better understanding of the customer needs and highlighted many points that should be considered by the company in the future.

## 4 Promotional strategy

### 4.1 Target customer profile

To design a proper questionnaire it is needed to understand who the usual and common customer of “Rene” shops is. So, the customer profile is done. It is based on the words of shop assistants who have an experience of working in “Rene” shops for more than five years and on the filled applications with the request for the card of permanent customer. Moreover, personal experience of the interviewer is taken into consideration while designing this customer profile.

Target customer profile:

- Age: 30+
- Gender: Female
- Geographic location: Saint-Petersburg, Russia
- Income: Higher than middle
- Appearance: Women with a large size of clothes
- Interests: Theatres, restaurants, work, visiting public places
- Occupation: Business lady or woman on a high position
- Values in life: Freedom, independence, family, willingness to make good impression, politeness, creativity, knows what she wants
- Values in clothes: Unique clothes, which are able to hide the minuses of the body. Unusual color combination is preferred, but not too bright
- Buying habits: Prefers one brand or shop mostly of foreign trusted brands, usually knows what she wants to buy and where
- Attitude to fashion and trends: Always tries to follow fashion trends and look up-to-date

- Time perception: Has a strong time-table, but able to choose clothes meticulously

## **4.2 Market segmentation**

“Market segmentation is the process of splitting customers, or potential customers, in a market into different groups, or segments, within which customers share a similar level of interest in the same, or comparable, set of needs satisfied by a distinct marketing proposition” (McDonald & Dunbar 2004).

Consumer markets can be grouped using the demographic, geographic, psychological, behavioral and sometimes occasional characteristics. Market segmentation is done for company’s better understanding and differentiating target audience needs, thereby making marketing strategy more effective (Gunter & Furnham 1992).

Demographic segmentation categorizes customers into groups based on demographic variables such as: age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, social class and nationality. Geographic segmentation divides customers into groups in accordance with geographical areas such as: nations, states, regions, counties, cities or sometimes climates. (Armstrong & Kotler 2005).

In case of “Rene” shop, demographic and geographic characteristics of customers are not that diverse. As it was already mentioned in a target customer profile, normally customers are women of 30+ years old, with an income higher than normal, mostly with families and geographically located in St. Petersburg city, Russia. Segmenting those customers in accordance with the religion, education, race or occupation characteristics will not make any sense, since the idea is the same for any demographical or geographical group: providing high quality clothes for women who value style and uniqueness.

Psychographic segmentation divides customers according to their attitudes, values, lifestyles, interests and opinions (Pickton & Broderick 2005). Behavioral segmentation divides consumers into groups according to their actual behavior toward products, such as: benefits sought, usage rate, user status (potential, first-time, regular, etc.), loyalty status, occasions and readiness to buy a product (NetMBA 2010).

There are two major segmentation strategies that can be selected by marketing organizations: a concentration strategy and a multi-segment strategy. In the concentration strategy company chooses to focus marketing efforts on a one selected market segment. In a multi-segment strategy, a company focuses its marketing efforts on two or more distinct market segments by developing a distinct marketing strategy for each segment. (Boundless 2015.)

Promotional strategy is also programmed differently for each of selected market segments. The great advantage of a multi-segment strategy is that promotional strategy becomes more personalized, customers feel that and normally it affects the company's sales positively. However, too many different approaches for various segments may cause increase in marketing costs.

There can be thousands of segmentation groups defined in accordance with the above mentioned variables. As already mentioned before, segmenting customers in a right way can increase effectiveness of marketing mix, thereby promotion strategy can be improved as well. For the case of "Rene" behavioral segmentation will be applied in accordance with the user status characteristics. Two major groups include regular (plus first-time) and potential customers of the shop.

Multi-segment strategy is going to be applied, meaning that there will be two approaches for two segment groups: informative approach for potential customers and the approach used for maintaining continuous loyalty of regular customers.

### **4.3 Promotional mix**

Good production and attractive prices for it are not the only issues that should be considered by the companies. To make better profits and increase sales businesses have to communicate customers about all the benefits and positive sides of their products. In a field of marketing this is called promotion and besides the above mentioned issues it is also used for launching new products, creating brand loyalty and responding to competitors advertising campaigns with own ones. A marketing communication program of a business is called promotional mix. The Chartered Institute of marketing (2009) defines the promotional mix as a term used to describe the set of tools that a business can use to communicate

effectively the benefits of its products or services to its customers. It consists of 5 tools: advertising, personal selling, sales promotion, public relations and direct marketing. “The aim of an organization promotional strategy is to bring existing and potential customers to a state of relative awareness of the organization’s product and a not just that but also to a state of adoption.” (Adebisi, Babatunde, 2011).

In this chapter all the parts of promotional mix are described and analyzed in accordance with the case given. Firstly, in every sub-chapter, theoretical knowledge about the tools of promotional mix is presented. Then, it is discussed whether these tools and their implementation are suitable for the case company. After that these findings are combined into a full and final promotional plan for the “Rene” company.

### **4.3.1 Advertising**

#### **4.3.1.1 Theoretical Concepts**

Advertising is a mean of non-verbal communication of company and customer. It is designed to persuade potential of existing customer to choose the product of particular firm over the competitor’s one (The Chartered Institute of Marketing 2009). It is done in order to make company’s products known and highlight their main benefits and advantages to persuade customers to buy them. It is a planned, paid action that brings your company brand and image above the competitor’s in customers’ minds.

There can be many reasons and objectives for advertising:

- To introduce the new product or service of the company to existing or prospective customers.
- To gain new customers – advertisement is done for the customer who did not know about the product to show them the usefulness and advantages of purchasing it.
- To communicate customers about the changes in products or services. Advertising in this case is done in order to give the product a new face or to inform about new features.
- To inform about the price changes. Usually it is applied when sales are about to happen if the product is seasonal or if it is overstocked.

- To stimulate the buying activity. For example to offer a special gift (cup or T-shirt) with the purchase.
- To maintain sales. For example, if the product has been the leader of sales it is advertised to keep it on this position.
- To challenge competition. If competitor actively advertise their products or services it is needed by the company to do the same, otherwise it will lose the level of competition and customer loyalty.

By the words of The Chartered Institute of Marketing (2009), research showed that people need to see an advertisement at least seven times before it start to mean something for them. It means that the advertising of a product of service should be continuous and done in the same recognizable manner. Nowadays, there are a lot of ways for advertising and to make customers aware of the company or its production. Based on the article published by Small Business Development Corporation (2015), most commonly used ways of advertising promotion are:

- Stationary which means letterheads, envelopes and business cards. It is and everyday presentation of a company's image.
- Window display or office front. It also includes showcases of shops. It is an external presentation of a business oriented on every person passing by and it will attract more people if done in a nice and smart way.
- Press advertising. It is a very common way of promotion and includes posting in newspapers, magazines and journals because it is affordable for businesses and suitable for image building and dissemination of information.
- Radio advertising. It is considered to be an ideal medium because can be oriented on a specific target group. Usually done in forms of short voice advertisements, promotions and talkbacks.
- Television advertising. It is a very powerful way of advertising because of its ability to impact through sight, sound and movement, but due to its cost, it is usually not affordable for small businesses.
- Direct mail. Direct communication with customer is a broad category and is done through post, fax, e-mail which include newsletters, new catalogues and letters (e.g. Christmas cards).

- Outdoor advertising includes billboards, ads on street benches, ads on buses and other static advertisements.
- Ambient advertising. Form of creative advertising that occurs in non-standard medium outside of home. It can be done in lifts, on the back of shopping receipts or wherever it would be noticed and appreciated.
- Advertisements at the point of sales are done in the places where customer can notice them in the shop and make a buying decision – floor, trolley, shelf, counters or in-store TV advertising.
- Online advertising. Very popular and rapidly growing way of advertising nowadays. It includes own web-sites, banners on other web-sites, pages in different social networks, forum discussions and blogs.

The main advantage of an advertising as a tool of promotional mix is the ability to reach a large group of potential buyers. It can be applied to a wide range of population or, if needed only to a small target group. Moreover it allows strict control over the final message. On the other hand, it is hard to measure the result accurately. The company will never know which advertising channel works best in different cases until it will ask every customer about where he found information about the company.

#### **4.3.1.2 Applying to the company**

As a company of the 21<sup>st</sup> century, “Rene” obviously uses advertising. It has its own business cards which shop assistants give away in the shops. The company has its own web-site and pages in different social networks where information about the production and company is presented. As an outdoor advertisement it uses a billboard near the shop which is pointing on it. Showcases of the shops are the main advertising instruments of the company. Much effort has been put in designing them and it is done so because the shops are situated in places where there is a large flow of people in the street. So, to attract their attention, the company decided to put more money in it to visualize the company’s production to the people in the street. Moreover it has adopted the SMS notifications about sales, openings of the shops and new collections of clothes.

TV advertisement has not been implemented because the company is small and the target audience is narrow. The same reason applies for the radio

advertisement because it does not match with the interest of a target customer. There is no need for the company to make in-shop advertising because the shop itself is place where customers come to choose exclusive clothes and it is impossible to make them buy, for example a particular dress by placing the picture of it in the shop. Photos and pictures in the shops are placed only to create a much cozy and buying atmosphere. Ambient advertising is useless because the target group of customers is small and it is hard to find places where they can meet these advertisements.

At this point, there is only one way of advertising that the company should adopt – press advertising. It is possible to identify the group of journals and magazines which are read by the target customers and in which this kind of advertisement will be suitable. These are fashion journals oriented for women and focused on new trends in the European fashion. Moreover it should be better if these journals are focused on non-standard women, perfectly specialized on big sizes.

Talking about the improvement of advertising channels, the web-site should be better organized. Currently, it is functioning but not in a good manner. The list of updates is not bright and eye-catching, it is sometimes written in different styles and it is rarely renewed. Even if the target customers are not proficient Internet users, in the modern world there will always be an amount of people who prefer the Internet to other sources of getting information, and for them the web-site is the face of the company, so it must be better maintained.

### **4.3.2 Sales promotion**

#### **4.3.2.1 Theoretical concepts**

Sales promotion is the indirect way of advertising and can be described as short-term and specific action which is not usually provided by the company to its customers (The Chartered Institute of marketing 2009). When sales promotion is performed in a right way it can solve a lot of company's problems and maintain many objectives. Sachin Jain (2015) identifies seven of specific objectives:

- Introduction of new products or services. Sales promotion is commonly used to motivate customers to try new products. When it is a main object for the company, free samples are provided by the company.

- Attraction of new customers. Sales promotion is performed in order to introduce company's production to new customers who are devoted to another brand. Samples, gifts and prizes often offered them to make them try a new brand.
- To prompt existing customers to buy more. Offering three items for the price of two and discount coupons are commonly used techniques to make consumers buy more.
- To make the company stay competitive. Many companies are performing sales promotion activities from time to time and it is obvious that in such a competition no firm could escape the responsibility of undertaking sales promotion.
- Increasing sales in off-season time. Many seasonal products do not have a consistent demand throughout a year. Companies need to deal with it especially in off-peak times, so they organize sales promotion to sell these kinds of goods.
- Adding to the stock of dealers. When talking about business-to-business relationships, wholesalers and retailers usually deal with a variety of goods in stock and when manufacturer performs sales promotion they are induced to have more of such items in stock.
- Providing information to the buyers. When sales promotion is conducted, customer will be better informed about a particular product, either it is a new one or just sold on special conditions.

There exist a lot of sales promotion techniques, but by Saritha Pujari (2015) highlights the most important eleven of them:

- Rebate. Products are offered at reduced price.
- Discount. Products are offered with a discount (30%, 40%, etc.).
- Refunds. Some part of the price is refunded to the customer on showing the proof of purchase.
- Product combination. With the product, another product offered as a gift. Three points below describe them.
- Quantity gift. Some extra of main product is offered as a gift.

- Instant draw and assigned gift. Customer is asked to scratch a card after the purchase and the name of the product is inscribed thereupon which is immediately offered to the customer as a gift.
- Lucky draw. Customers are given the number after the purchase and on particular date there will be held a lottery.
- Usable benefits. Coupons are distributed among customers with a notification that they will have a discount for the next purchase. It makes buyer want to buy a product even if he does not need it.
- Full finance at 0%. The product is sold without interest.
- Sampling. Producer distributes free samples of a product among consumers.
- Contests. Producers organize contests in order to popularize their production.

Sales promotion has a lot of advantages. First of all, the results of performing it are easy to measure. Sales promotion attracts attention of the customer, gets immediate consumer response and creates brand awareness. Moreover, it provides short-time increase in sales and basically it is oriented for it. Disadvantages of this promotional tool are also significant. In many cases it is unlikely to change customer's long-term buying habits. Sales promotion is not personal in its habit and that is why it is hard to measure the level of customer satisfaction. To say more, it should consider the aims of target group of customer and follow the objectives of the company.

#### **4.3.2.2 Applying to the company**

Sales promotion is a very useful technique in the selling process. "Rene" understand its ability to solve problems and to gain benefits. The company organizes sales promotion campaigns quite often – once in one or two months. There are different reasons for that: selling overstocked production, increasing sales in off-peak period, introducing new shops or goods and staying competitive.

The most common reason for sales is to get rid of products which are not relevant anymore due to the season time. "Rene" is working with the seasonal goods and it means that after the season is over, for example autumn-winter or spring-summer, the company should sell out the old stocks because in the future there

will be new fashion trends and current collections will not be demanded. In this case the company organize sales and discounts the prices for the past collection to motivate customers to buy it.

When there is an off-peak period and sales volumes are going down, “Rene” announces for its customers that there will be a special discount for the customers who have a permanent customer discount card. With it they can save up to n% compared to other times. This activity usually lasts not more than one week and has a huge success.

When the company is opening a new shop, it informs its customers and posts on web pages that there will be a grand opening and customers are offered snacks and beverages, special offers and production and nice presents. It helps “Rene” to let customers know about the new additional shop and also creates a word-of-mouth about this small event.

Some of the sales promotion techniques are not suitable for “Rene”, for example, sampling, contests, lotteries and coupons. For sampling, it is impossible for customers “to try” a sample of a dress. Coupons are not applied because the company uses the system of discount cards and it is only for the permanent customers. Lotteries and contests are also not applicable because profits of the company do not allow to provide serious prizes and useless things will not be appreciated by the customers who buy clothes for high prices.

One technique that can be applied, is a gift. “Rene” is selling bijouterie, but just as accessories. It would be a good idea to present and individually select it for a customer who has spent an extraordinary sum of money in the shop.

To sum up, the sales promotion performance of “Rene” is organized well but in order to promote the company and its shops, the advertising of these campaigns should be more aggressive and oriented for the new customers also, not just for existing. It can be done by posing advertisements in newspapers and applying online marketing.

### **4.3.3 Personal selling**

#### **4.3.3.1 Theoretical concepts**

Personal selling is a way of promotion where sales people sell goods to the customers face-to face. It is the most effective way of promotion because it is highly individualized and it allows your approach to be tailored to the needs of a particular customer (The Chartered Institute of Marketing, 2009). Rajput et al (2008, 126) define personal selling as an interpersonal communication process by which a seller uncovers and satisfies the needs of a buyer to the mutual, long term benefit of both the parties. Relying on the article of Neil Kokemuller (2015), there are 4 main objectives of personal selling:

- Inform customers. It is the common objective of almost all of the promotional mix tools. The goal of it is to make customers informed about the production, its advantages and benefits they will get with it. It is usually applied when customer is introduced to the new product which has a lot of new features and need to be described and explained. The main idea of this objective is that before sales person begin to persuade customer to buy, he needs to understand the main and basic purpose.
- Persuade buying. Basically it is the main objective of personal selling. By the communication with customer, the sales person gain the information which will help him to build a scheme to satisfy unique needs of a customer. Very important mission here is to create trust and understanding between sales person and customer. After that the best solution can be addressed to the needs of a customer and customer will be clearly explained what he will benefit from this deal. Usually it is done it a way of well-prepared demonstration or presentation.
- Address concerns. It is one of the main and key advantages in personal selling. Very often customer have question about the product of service or has some doubts about quality or related issues which stop him from purchasing. Drawing out these doubts and question is one of major element is the sales person work. He has an ability to explain everything on-site and immediately, show all the advantages and benefits so that customer will understand that there were no reasons for him to worry about product.

- Maintain relationships. For keeping customers in a long-term prospective, sales persons nowadays should pay huge attention on maintaining relationships with them. That is why customer and prospects databases are created in order to be able to track the customers purchasing cycle. A lot of follow-up activities, such as phone calls by the sales people to figure out how is customer's experience with a product going. To increase sales, sellers sometimes provide customers with information or service with is not connected with the current purchase to help them and to receive customer satisfaction and increase loyalty.

Personal selling is a process not just a single time activity and as every process it can be divided into stages. Rajput et al (2008, 126) identifies six stages of personal selling but usually and according to Richmond (2012, 320) and Ho (2015) there are seven steps. The difference is only that in the first source two of the stages from the second book are combined together. Seven stages are more preferable as they allow to analyze every single step individually. Here are they, based on Richmond (2012, 320):

1. Prospect and qualify. Prospecting is the first and the foundational step in the process of personal selling. During prospecting a sales persons conduct research in order to identify the potential customer who will be interested in a particular product. Potential customer of the company is called lead, and the lead who is ready, has a will and ability to buy a product is a prospect. The salesperson needs to qualify that the lead is a prospect and this process is called qualifying.
2. Pre-approach. Pre-approach is so-called homework of the process of personal selling. During this stage sales person gathers and analyzes all the possible information about the customer of his company. This information includes customer's needs, his background, preferences in buying, the process of making buying decision etc.
3. Approach. It is the first conversation with customers. It can be done in a forms of personal meeting, phone call or e-mail. It is a chance to make a good and right impression on the customer and to let him know about sales person's interest in having him as a buyer. Approach is done in order to make relationships and build trust with a customer. It includes introduction,

small-talks, some warm-up questions and basically explaining from which company the sales person came from and what does he want. Approach is done before the actual presentation to understand customer better in order to prepare more individualized presentation or demonstration.

4. Presentation. This is the stage where sales person presents his actual product or service to the customer. It can be done in a forms of Power-Point, videos, demonstrations, customer interaction with a product or in any other if it would be suitable for the specific product. Presentation should be highly oriented on the customer and this is the stage where all the collected knowledge should be applied at maximum level. For example, it is not the good idea to sell the car or a house by presenting it in a Power-Point. But if the customers are people who have no ability to walk around the house salesperson can show them a 3D excursion around it and it would be good compromise.
5. Overcome objections. It is essential that during the presentation customer can come up with some objections and questions that need to be solved. This is the stage when salesperson is working in order to solve all the problems or to convince customer that they value nothing comparing to the benefits they will get. Objectives should be considered as the opportunities to further understand and respond to the needs of customer.
6. Close the sale. It is the stage of finishing the deal. When customer is satisfied with everything about the product and terms and all of the objectives are met, the sale could be closed by signing the agreement or contract and making a transaction. The significant point of the close is that sales person has to ask if the customer is ready to make a purchase. Sometimes it can be challenging because customers start to think that they are under pressure.
7. Follow-up. It is a very important and needed step in the personal selling process. When the sale is closed it can be considered that the job is done, but actually not. The process of collecting customer feedback and information about customer satisfaction has just started. Moreover it is step that leads for the further collaboration if the sales person keeps good relationships with the customer. Moreover, follow-up includes different

post-purchase details, like agreement on the logistical terms or providing warranty.

In the promotional mix, personal selling is the most effective tool. It allows the concrete measurement of results, involves customer and the company's representative in a personal interaction, provides an immediate response from the consumer and personalize the message that should be delivered to each customer. These advantages intend relatively high costs of hiring sales people and training them. Moreover, it can become a bit unreliable because all the responsibility lies on these sales people and as a human being each of them can make a mistake at any point.

#### **4.3.3.2 Applying to the company**

"Rene" is operating in the field of high quality production and because of that prices for the goods are also high. It has three shops where production is presented and there are shop assistants who work in these shops. Personal selling is the core tool for the company to sell its goods to the customers because every time customers visit shops they need a professional advice and personalized approach.

The main objectives for "Rene" in applying personal selling are match with the objectives of the personal selling as a promotional instrument. In shops, customers need to be informed about the new collections and about the new trends in the women's fashion. Because of that, the sales representatives should be always up-to-date with this information to provide relevant advised. Persuasion of customers is the main task of shop assistants. They have to present the clothes that are available in the shop taking into consideration what the buyer exactly needs. By showing the knowledge of most popular trends and best-selling production, sales persons are able to build relationships and trust with the customers because they will see that the person who is interacting with them is professional and her advises are valuable. Moreover, sales persons in shops must be able to help the customer in a personalized way and to consider her specific appearance. Shop-assistants should be able to answer any appeared question about a particular thing, for example material and size and to highlight all the advantages of the clothes. A consumer should be informed about all the

benefits she will get with the purchase. The last but not least objective of a shop-assistant is to maintain the relationships with a customer. It can be done in a way of giving out the business cards or asking any appeared questions by sending an e-mail to the web-site address. Furthermore, when sending a notification about sales or new clothes collections to the customers, it is good to include the question about their satisfaction in it.

When talking about the stages of personal selling, sales persons should be trained in order to match the criteria of professionals in their field. Due to the fact, that sales are usually done on-site, almost all of the stages are combined – from pre-approach to closing. In this case, shop assistants need a special training which will help them to do it properly and step by step.

All in all, the staff of “Rene” is well-prepared for their job. They know how to sell clothes. So, basically, the only one step that should be better implemented and integrated in the company’s personal selling process is additional training for shop assistants. It will increase their personal theory knowledge of selling, improve personal selling skills and adopt all the stages of personal selling to the particular case of “Rene”.

#### **4.3.4 Direct marketing**

##### **4.3.4.1 Theoretical concepts**

Direct marketing is a way of direct communication with the customers. It is a very personalized way of customer communication, when the company addresses particular customer. Direct marketing is oriented for the long-lasting relationships with the customer and his immediate response. It is a popular technique because it allows company to target specific groups of customer very accurately. Morey Stettner (2015) advises to consider direct marketing in the promotional plan if:

- The main way of distributing the product is though the e-mail or directly to the customer. Nowadays many companies do not have retail stores because they operate in the Internet and deliver needed products directly to customers. For them it is essential to have and maintain customers’ databases and mailing lists. Direct marketing is very efficient way for these types of companies to do their business.

- The company is selling products with a lot of benefits. If the product of the company is highly special and it has a numerous advantages and benefits, it may be not a good idea to place them all into an advertisement. It will be too large, so that customers will not spend their time on reading it. So, in this case it wise to send personalized letter with the description of all good sides of a product.
- The company's advertising failed to reach the target group of customers. When you see that your advertisements do not work properly, you can try to identify in which areas your target customers live, get their zip codes and sent them letters. By that you will be sure that the information reached the audience you are focused on.
- The company is selling an expensive production. When product is sold at a high price, company must put much effort to make customer buy from it. Direct mail will convince the customer about the fact that company is really interested in him and at this point advertising it almost useless
- Company's business depends on reorders and volume of sales. It is needed when customer is subscribed on something and the call or mail from the company reminds him that him subscription is about to expire, so that customer know that he need to renew it.

The most common methods of direct marketing are phone calls, direct mails, personalized catalogues and coupon mails. They bring many benefits to both – consumers and sellers. Consumers enjoy the simplicity and convenience of this kind of information and production distribution – they do not need to go somewhere, spend their time and money. Moreover, the choice usually is wider and there is a possibility to order a product with a specific configuration just in one minute. For the selling companies, direct marketing provides some advantages too. There is no need for them to have a retail shop, they have a database of all their customers so that they can create a customized relationships directly with customers. Moreover, direct marketing campaigns are easy to measure and evaluate. But, on the other side there are some disadvantages of this promotional tool. Some people do not like direct marketing, they are not willing to speak with salespersons who knock at their door, they do not even look at the mail, considering them as a spam and reject telemarketing calls

immediately. Nowadays it is common for people to move from address to address quickly or have two places to live, so many direct mails or calls just do not reach the customer. Moreover, direct marketing requires high cost. Money are spent on delivering mails, getting the databases and zip codes. One more issue is that to be above the competitors company should implement training for their stuff and this procedure is also costly.

#### **4.3.4.2 Applying to the company**

Direct marketing is mostly applicable for the companies who are doing their businesses through the Internet. Despite this fact, it can also be suitable for other types of companies, especially if they satisfy at least one of the criteria discussed above, like “Rene”. The company is selling an expensive production. It means that it is highly oriented for the existing customers and takes care of them. Because of that, direct mail will be a good way to let customers know that they are valuable for the company.

Currently, “Rene” is using the direct mail advertising strategy. It provides customers with the relevant information about different activities and sales performed by the company. The thing is that it sends non-personalized same text-messages via SMS to customers. Customers receive the information but it is not affecting their decision to go and buy.

This system can be personalized and improved. Telephone numbers were collected by the company when customers filled in an application for getting a discount card. They mentioned their names, phone numbers and e-mails. So, the database already exists and the step that “Rene” should do is simply add customer’s name before the message. It will make an image of a company that cares about every customer and it will increase the image of customer loyalty. It is not very time-consuming, considering the fact that data has already been collected.

### **4.3.5 Public relations**

#### **4.3.5.1 Theoretical concepts**

The Public Relation Institute of Australia (PRIA) defines public relations PR as: “The deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization (or individual) and its (or their) publics”. Public relations are done in order to increase level of credibility of the company and to gain positive attitude towards it. It builds corporate image and sustains good relationships between company and customer. Public relations level can be improved through publicity. Due to the Stettner (2015), publicity means free advertisement for the company and can be generated through press releases, special event, sponsorship, donation newsletters and community activities. The most common among above is coverage by press. It is mostly suitable when:

- The company has developed a brand new product or technology.
- The company has been awarded by the widely known award or prize.
- The company had invested a lot of money in building new offices or in land. Investments in community are also very valuable and it mean that the company is hiring people with disabilities, senior citizens or other minor groups.
- The company has bought a competitor or established new company.
- The company has announced about significant changes in its board of directors.

If the business is too small for these kinds of publicity and it is not suitable, then a good chance for the company to be publicly discussed is to sponsor a charity event. If the goal is to achieve better service and relationships with customers, it is a good idea to provide them with the newsletter where there is a relevant information about company’s performance (Stettner 2015).

Like all of the promotional tools, public relation tool has its own advantages and disadvantages. Advantages are obvious and clear: it creates a positive attitude to the company in public and increases customer loyalty. Moreover, it rises revenues and gains new customers, because if the company was mentioned in the public source, more people got to know about it. From the point of view of disadvantages, the measurement of effect on sales cannot be precise and public

relations mean that a lot of time and resources will not be spent on the primary goals of the company, but secondary.

#### **4.3.5.2 Applying to the company**

“Rene” is a small company and it has no public relations. The actions of the company are not significant enough to be covered by press and the level of its turnovers and profits does not allow it to invest in social events and sponsor different activities.

This tool can be considered only if the company grows to the leader’s position in its market niche. Before that, it is simply not possible to become a publicly known company for “Rene” in terms of finances because public relations is a costly tool and moreover now it just can focus on the primary targets as increase in number of customers and sales. The only one possible way of becoming popular through the press in current conditions will be if one of the customers is a journalist, but the probability of this case is very low.

#### **4.4 Advertising message**

Due to the fact that advertising is one of the core tools of promotion, the advertising message should be created. There are a lot of techniques available to create an effective advertising message but most of the effective campaign share four of them (Kate McFarlin 2015).

- Common ground. Essential part of successful advertising is building trustful relationships with a customer. It can be done by finding common interests between company and potential consumer. Shared similarities is a good basis for building this kind of relationships.
- Fulfill a need. It is easier for company to sell anything if the customer feels that he needs it. So, it is important to make customer feel like that, even if he doesn’t really need in order to sell successfully. The message should create this need in customer’s mind to make him think that he has been always needed your product after he read/heard/saw an advertisement.
- Offer a solution. Another way to create a good advertising message is a problem/solution approach. Customer needs to be sure that your product offers a solution to his problem, even if he did not know that this is a real

problem for him problem before. So, the advertisement should create or support a problem in customer's mind, sympathize it and then offer a unique solution for it.

- Clear benefit. This way of advertising is based on showing customer how exactly he will benefit from buying. When making a buying decision, human being is waiting that it will make him happier, prettier, more successful etc. By explaining in advertising what exactly he will get company creates a powerful message for the customer's mind.

For the case of "Rene", it would be suggested to combine these four methods of creating an advertising message. The company's vision is that "Every woman has a right to be free". It can be considered as a common ground, because there are no women who do not think so. Every woman should look beautiful to attract attention or just to be self-confident and it is her need. So, the message can be formulated like that: "Every woman needs to feel herself beautiful". This brings a need into consumers' mind and after that it is a problem/solution part. "Rene is ready to make it real, even if you have figure". After that there is a sentence of benefit for the consumer: "Feel yourself like you want to". And one more sentence – company's slogan will close this advertising message to make customers feel unity with the company: "Rene – clothes of free women". So, the whole version will sound like: "Every woman has a right to be free. Every woman needs to feel herself beautiful. Rene is ready to make it real, even if you have a non-standard figure. Feel yourself like you want to. Rene – clothes of free women."

#### 4.5 Actual promotional plan

Based on all the concepts and models analyzed in the thesis, this promotional plan can be created:

Company	"Rene" – retailer of premium quality women clothes of big sizes in Saint-Petersburg, Russia.
Target market	<p>Women:</p> <ul style="list-style-type: none"> <li>• Above 30 years old, living in Saint-Petersburg</li> <li>• Wearing clothes of large sizes</li> <li>• With above-average income</li> </ul>

	<ul style="list-style-type: none"> <li>• Free and independent</li> <li>• With preferences in high quality and unique production</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>• Increase number of customers</li> <li>• Maintain communication with existing customers</li> <li>• Increase sales</li> <li>• Create brand image and recognition</li> </ul>
Advertising message	Every woman has a right to be free. Every woman needs to feel herself beautiful. Rene is ready to make it real, even if you have a non-standard figure. Feel yourself like you want to. Rene – clothes of free women.
Format of advertising message	<p>Advertisements in fashion magazines and journals</p> <p>Advertisements in the Internet</p>
Promotional methods	<p>Advertising:</p> <ul style="list-style-type: none"> <li>• Improving web-site</li> <li>• Advertisements in the magazines and journals</li> <li>• Advertisements in social medias</li> <li>• Direct mail</li> </ul> <p>Sales promotion:</p> <ul style="list-style-type: none"> <li>• Discounts</li> <li>• Events on significant dates</li> <li>• Gifts with extraordinary purchases</li> </ul> <p>Direct marketing:</p> <ul style="list-style-type: none"> <li>• Personalized SMS messages</li> <li>• Personalized e-mails</li> <li>• Personal calls for a special group of customers</li> </ul> <p>Personal selling:</p>

	<ul style="list-style-type: none"> <li>• Training for the personnel (in a long perspective)</li> <li>• Public relations – not applied yet</li> </ul>
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## 5 Conclusion

As mentioned above, “Rene” is planning to implement a new promotional plan and gain new customers, maintain and improve relationships with the existing ones and increase sales as a consequence. Based on the research results and on theoretical concepts and models analysis the best ways to advertise and promote the company were found. The main strengths of the company, target customer group, consumers’ opinions and suggestions were taken into consideration while developing this plan. The promotional mix was deeply analyzed from the theoretical point of view and applied to the case company. The market position of the company and economical and political situations were discussed and explained as well as the purpose of this plan. Reliable literature sources were studied and applied to this thesis in order to create a plan based on experts’ knowledge in the fields of marketing and promotion.

As a result, the working plan was created. It is based on all the above-mentioned concepts and models. It is ready to be implemented by the company and includes all the aspects that should work with the particular group of customers in a company’s position in the market. The advertising channels of promotion have been proposed as well as the advertising message. Possible ways of improving promotion have also been discussed and formulated.

As a further research for the company, it will be advised to explore the prices for different ways of promotion. In addition, they should not only be developed, but also maintained, so these financial figures should be considered as long-lasting or even infinite. After a while, a research can be done based on the results of implementing this promotional plan – how many new customers were gained through the new promotion channels, are they satisfied with the ways of providing information and what influence does it have on the company’s profits.

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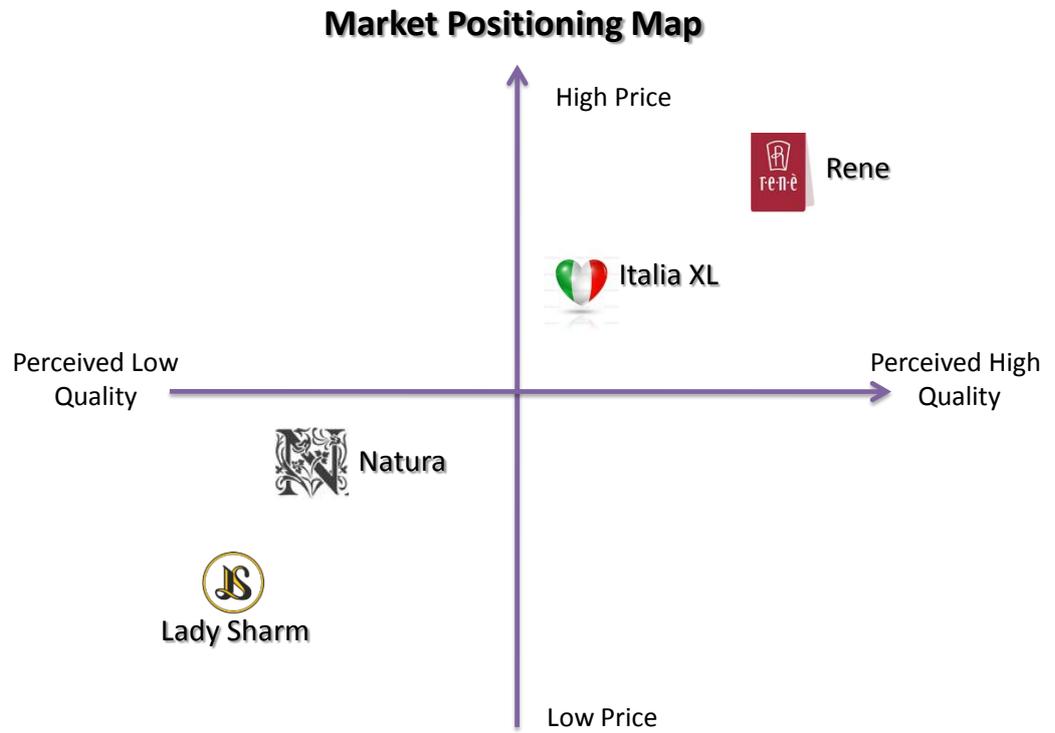
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## Appendices



Appendix 1 – Market position of “Rene”



Hello, dear Customers!  
We kindly ask you to fill in this form for the purpose of improving our performance. Help us to become better for you!



1. **How often do you visit our shop?**
  - I am regular customer
  - 1-2 times a month
  - Less than 1 time in a month
  - It is my first time in your shop
  
2. **How did you know about our shop?**
  - From friends
  - From Internet
  - Just saw the showcase and decided to come in
  - Other (please, clarify)

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3. **Is it convenient for you to receive information about sales via SMS?**
  - Yes
  - No
  - I prefer another way of receiving information (e-mail, phone calls, post). Underline the preferred way
  
4. **How often do you visit our web site?**
  - Once a week or more
  - Once in two weeks
  - Once in a month
  - Less often or never
  
5. **Are you satisfied with the performance of our shop assistants? Please, rate it from 1 to 5.**

1      2      3      4      5
  
6. **In your opinion, is there anything that we should improve?**  

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**Дорогие покупатели!**  
В целях улучшения качества работы, мы просим вас заполнить эту короткую форму. Помогите нам стать лучше для вас!

**1. Как часто вы бываете у нас в магазине?**

- Я постоянный покупатель
- Раз-два в месяц
- Реже чем раз в месяц
- Первый раз в вашем магазине

**2. Как вы узнали о нашем магазине?**

- От друзей
- Из интернета
- Увидела витрину и решила зайти
- Другое (поясните пожалуйста)

**3. Удобно ли для вас получать информацию об акциях по СМС?**

- Да
- Нет
- Я предпочитаю другой способ (электронная почта, звонок, почта). Нужно подчеркнуть

**4. Как часто вы заходите на наш веб-сайт?**

- Раз в неделю или чаще
- Раз в 2 недели
- Раз в месяц
- Реже или никогда

**5. Довольны ли вы работой наших продавцов? Оцените, пожалуйста, по пятибальной шкале.**

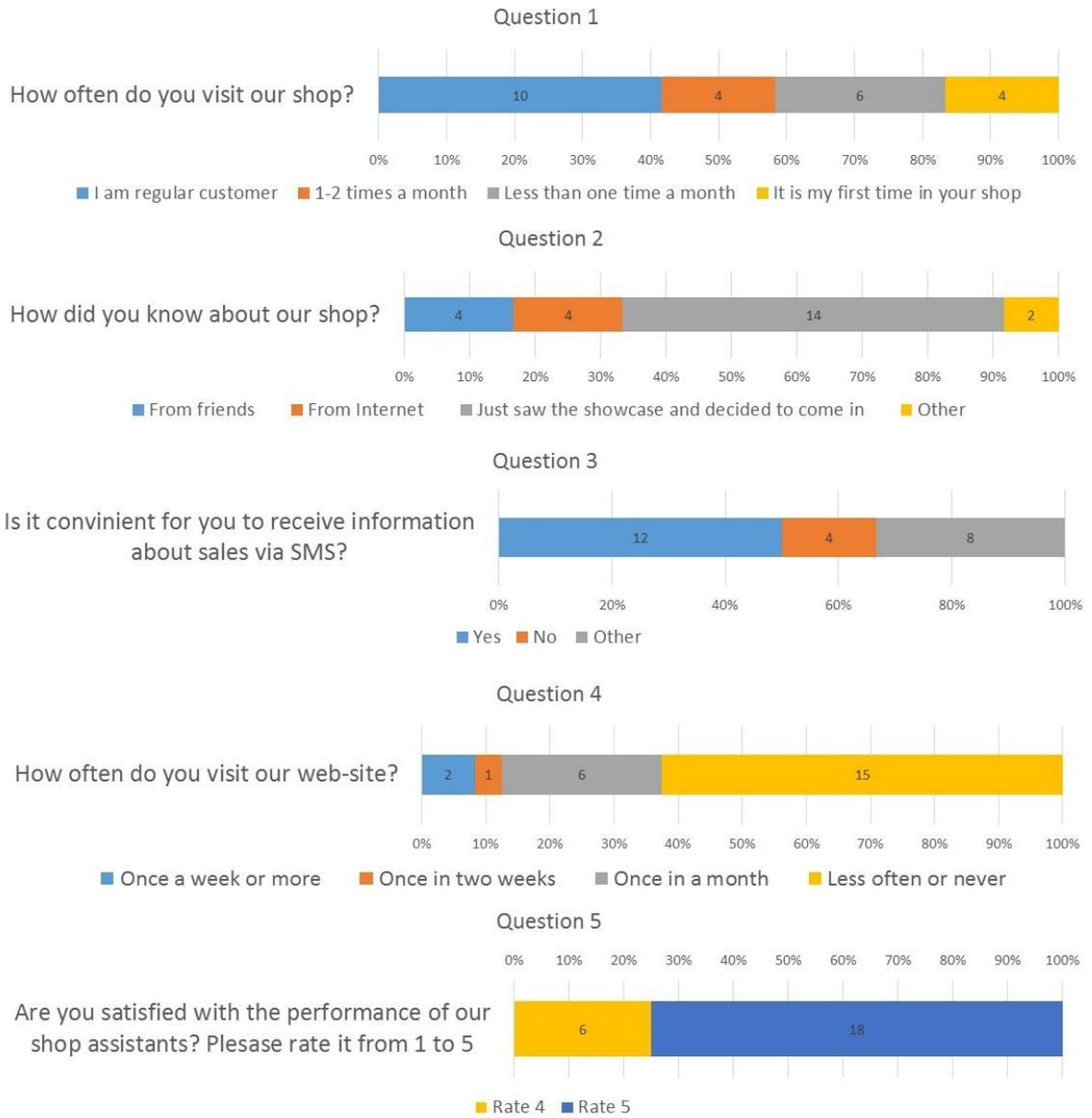
1      2      3      4      5

**6. Есть ли что-нибудь, что по вашему мнению нам стоит усовершенствовать?**

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## Appendix 4 – Questionnaire