

Promotion Strategy for Small Manufacturers in Japan

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Preface

According to the Fundamental Law of Small Businesses in Japan, Any manufacturer with a capital of 300 million yen or less, or a work force of 300 or less is classified as a small business as far as the manufacturing industry is concerned.

Since small manufacturers tend to lack managerial resources in terms of funds and human resources, and so on, their promotion strategy is obliged to be limited. Nevertheless, “Vital Small Companies,” or excellent small manufacturers with top share in the niche market are carrying out effective promotion strategies.

In this paper, the whole system of promotional activities are positively surveyed to see which activities are suitable to and effective in marketing strategies for small manufacturers.

Let me add a few more words here. “Small manufacturers” in this paper designates only independent ones. In other words, *shitauke* companies, or subcontract small manufacturers are all excluded.

Section 1 Concept of Promotion Strategy

1 Significance and System of Promotion

(1) Significance of Promotion

Promotion is one of the constituents of the marketing mix comprising marketing research and the 5P's. Its value is to give information to the target market concerning the product, aiming at removing purchasing resistance, and arousing demand through various kinds of media and salespersons¹⁾.

To put it succinctly, its essence is the “arousal and stimulation of demand”²⁾ by

means of “communication” through the five senses.

(2) System of Promotion

Promotion consists of four categories of activities: ① advertising, ② personal selling, ③ public relations, and ④ sales promotion. Their proper combination to fit the special characteristics of the target market is called “promotion mix.”

Promotion can be arranged in the system as shown in Figure 1. The following is an outline of the functions and characteristics of the above four activities (the details of each activity will be explained later in this paper).

1) Advertising

Its function is to broadly announce to the target market the existence and utility of the product according to the will of the enterprise, and consequently get consumers and users to arouse “brand preference,”³⁾ to help them identify the store where they think it will be available or to motivate them to ask the producer to send it, or at least reduce their purchasing resistance when evaluating the product. In case of advertising by mass media, the advertising agency, the professional of advertising activities, is entrusted with the planning and implementation of the advertising. This entails a considerable amount of expense, and so fundamentally it is not suitable for small manufacturers. Considering their market scale and funds, Sales Promotion (or SP) advertising will be suitable for them.

2) Personal Selling

Personal selling includes such activities as providing critical information, receiving, and purchasing assistance to each current or potential customer within the target market, attempting to lessen purchasing resistance and arouse demand.

This means of promotion is important regardless of the size of the enterprise, but its weight will vary with the type and properties of the product as will be pointed out later in this chapter.

3) Public Relation

It is common sense in the world of sales in Japan that in order to sell a product well, the salesperson must be sold in advance. Likewise, if the product is to sell well, the company itself should have a good reputation with the public including customers. Public relations is an activity in which the company acquires “Good Will” from the

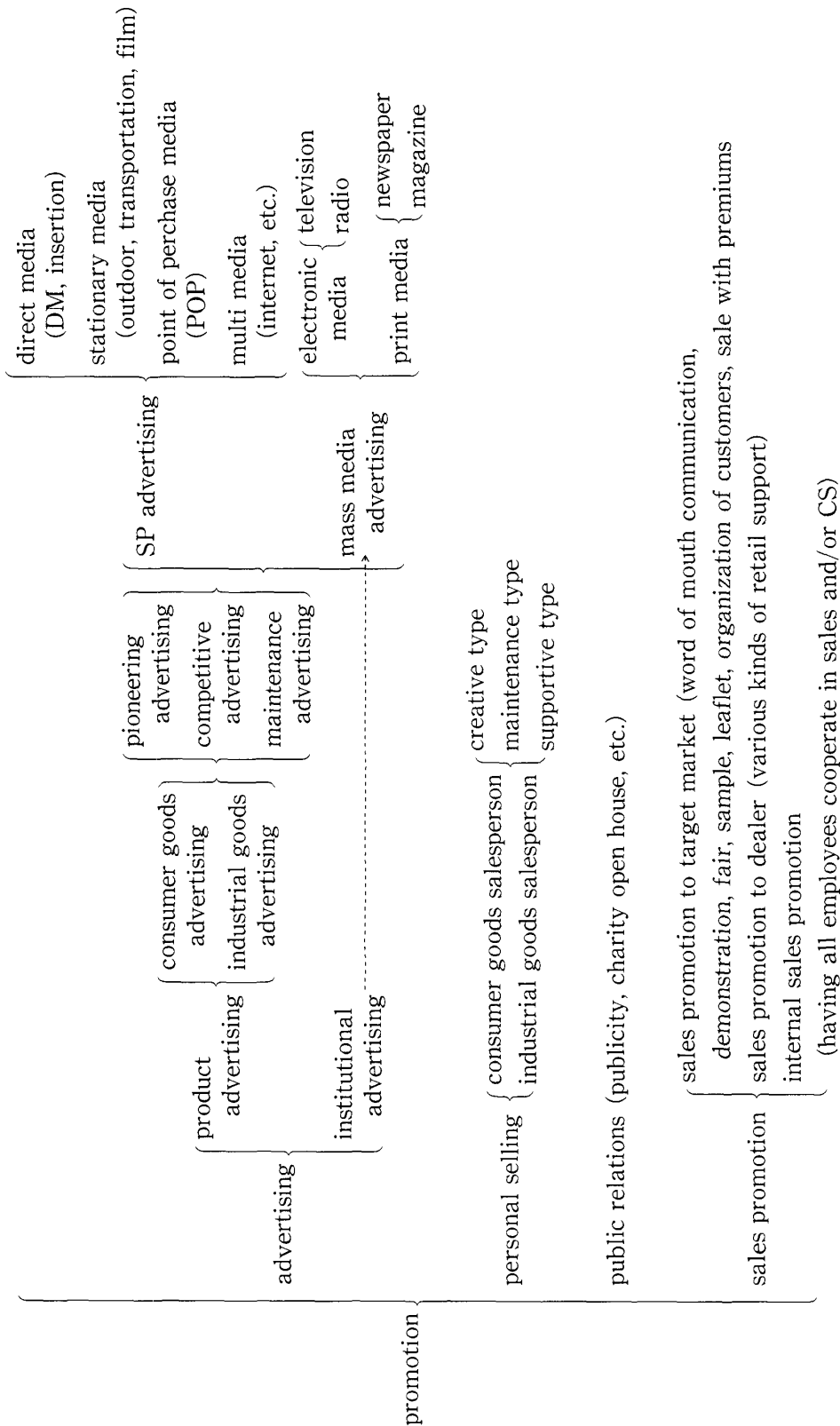


Figure 1 The Promotion System

Public.

4) Sales Promotion

The information provided through advertising or personal selling isn't always received favorably by people. This is a potential functional defect with advertising and personal selling. Also Public Relations is an indirect form of promotion.

Sales promotion has the role of making up for such functional defects of advertising, personal selling, and public relations and increasing the promotional effect⁴⁾. In other words, sales promotion is supplementary to advertising and personal selling.

This means of promotion is usually implemented at a relatively low cost and so it is generally regarded as appropriate for small manufacturers.

2 Significance of Promotion Strategy

Therefore, promotion strategy is to plan and carry out each of the promotional activities of the already-mentioned systems, attempting to identify the optimum combination of product features for product differentiation, the source of competitive advantage over competitors, and the promotion mix. This is for the purpose of arousing demand for the product or service of the enterprise, or the greater goodwill among current and potential customers within the target market.

Section 2 Advertising

1 Significance and Function of Advertising

(1) Significance of Advertising

The AMA stipulates that advertising is for the advertisers who have identified their names to present the idea, product or service, or promote it impersonally (without personal help), with compensation⁵⁾.

In other words, advertising is the communication activity which sends a message electronically or by print, with compensation, and it is a main constituent of the promotion mix.

(2) Function of Advertising

Advertising has the following function:

- ① To infiltrate the target market with the brand name of the new product and the information concerning its properties and where to buy it.
- ② To lessen purchasing resistance by the target market and make personal selling more efficient.
- ③ To reinforce the reasons for brand preference or company preference.
- ④ To give satisfaction to customers who have already purchased the product.
- ⑤ To promote expansion of sales and market share of the relevant product, through the above functions.

In addition to these rationale, there are other functions of advertising such as attracting new distributors by showing them the advantages by handling the product of the enterprise, arousing trial purchase by the target market, and increasing the frequency of purchase⁶⁾.

2 Types of Advertising

Advertising can be classified into product advertising and institutional advertising or consumer goods advertising and industrial goods advertising, by the position within the product's life cycle, such as the pioneering, competitive or supportive advertisings, and by the media such as mass media advertising or SP advertising (refer to Figure 1).

(1) Institutional Advertising

Institutional advertising is advertising, which enhances the image of the enterprise and its favor among interest groups including distributors dealing in its product as well as customers in its target market, and creates and maintains their cooperative attitudes. Its function is to heighten the effect of PR (public relations).

Since today most products have entered the maturity phase of the product life cycle with virtually little product differentiation among different brands, it often occurs that the image of the enterprise and the positive history with the company, product or service substitutes for product differentiation. Accordingly, the stress on institutional advertising has gradually been increasing⁷⁾.

It is needless to say that mass media (TV, radio, newspaper and magazine) are suitable for such institutional advertising.

(2) Product Advertising

As for small manufacturers, with comparatively limited managerial resources, product advertising is for more suitable than institutional advertising. The purpose of product advertising is to give information concerning a product or a brand and heighten the degree of brand penetration and brand preference. There are the following types of product advertising:

1) Classified by the kind of product

① Consumer goods advertising

To make an advertising appeal of the sensory contents of the product to the visual and auditory senses of people, mainly through the four types of mass media, with consumers ultimately as the target.

② Industrial goods advertising

As organizations like enterprises and government offices constitute the target, theoretical advertising based on research data is effective. Therefore print media (particularly trade journals) are suitable.

2) Classified by the position within the product life cycle

① Pioneering advertising

To convey the existence and utility of a new product to the target market during the period of market introduction, to heighten demand.

② Competitive advertising

To Communicate to the target market the differential superiority of your product over the products of other corporations during the growth and competitive periods of its life cycle, and for the purpose of arousing brand demand (demand for the particular product). There are the following two types of this advertising⁸⁾.

① Direct advertising: advertising which aims to get a reaction from the target market such as a request for a sample or material and even the purchase of the product. It has a rather short-term effect.

② Indirect advertising: advertising which aims for a long-term effect by enhancing the image of the product or brand, thereby influencing the product choice favorably.

③ Reminder advertising

Its purpose is to maintain brand demand during the maturity period. It often emphasizes the brand name and introduces softer sales methods as its main contents⁹⁾.

3) Classified by media used

① Mass media advertising

Ⓐ Advertising on air (TV & radio advertising)

The followings are the characteristics of this type of advertising.

- Momentary life of advertising.
- Very appealing to emotional purchasing motive.
- Appealing to the specific segmented market, depending on the time period and the types of program.
- Very appealing to the visual and auditory senses, which is particularly distinct in TV advertising.
- TV advertising is suitable for non-durable daily necessities (food, clothes, cosmetics, etc.).
- Radio advertising is likely to impress people during work or study.

This can generally be applied to small manufacturers as long as they use local mass media. Best Amenity, a small manufacturer for health food in Fukuoka, has been advertising its goods through local TV.

Ⓑ Advertising by print media (newspaper and magazine)

The followings are the characteristics of this type of advertising.

- Can be recorded and kept, and has a long advertising life
- Very appealing to a rational purchasing motive
- Appealing to the specific segmented market, depending on the kinds of magazine or trade paper employed
- Suitable for the advertising of industrial goods, publications, machines and instruments within consumer goods, etc.
- As for small manufacturers of industrial goods, industrial or economic newspapers or magazines are suitable as long as their financial situation can afford.

② SP advertising

This is the abbreviation for sales promotion advertising and incorporates other

means than mass media. There are the following four types:

① Direct media advertising

This method involves use of a leaflet or Direct Mail (DM). It has the advantages of control and easy distribution to the target group. DM, in particular, is effective if used in accordance with the needs of individual customers. Both leaflet and DM need to be used continuously.

② Stationary media advertising

This means outdoor advertising, transportation advertising and film advertising. All have the advantage of being seen continuously and repeatedly. However, the effect of the advertising copy is limited unless it has a high degree of notice ability, clarity and impressiveness.

③ POP advertising

This means posters, panels, floor stands, etc. at the retail store level. It has the functions of attracting pedestrians into the store, giving final information to the customers in the store, getting them to decide on purchase, etc.

④ Multi-media advertising

This means advertising involving the internet, etc. The internet has merits of allowing people to send and receive information throughout the world around the clock, at a considerably low cost. This advertising will be utilized with the growth of the “Personal Computer population.”

As for small manufacturers, it is clear that direct media advertising and multi-media advertising are suitable for them.

⑤ Merits and demerits of each media advertising

The above outlines individual media advertisings. The merits and demerits of each are shown in the following Table 1. The marketer must endeavor to choose the appropriate media to fit the needs of the target market and the business capacity of the enterprise, and plan and execute the advertising mix and promotion mix to overcome the demerits of the media and utilize merits of each to the fullest extent.

Table 1 Merits and Demerits of Advertising Media

Media	Merits	Demerits
newspaper magazine	1 one of the media used most often 2 able to illustrate products 3 suitable to target market leader 4 serves as a regular shopping guide	1 often seen by people other than the target 2 difficult to reproduce illustrations 3 often missed by the overage person
radio	1 effective for arousal 2 owned by many families 3 able to change messages 4 personal approach is possible after hearing the voice	1 occasionally missed 2 occasionally unable to illustrate 3 having no knowledge of the listeners the message reaches 4 unfiled message is likely to make listeners angry
television	1 presentable in color 2 able to clarify the characteristics of the product 3 effective for arousal of attention by animated color image and sound 4 most effective to heighten the corporate image	1 especially high cost 2 unfit message is likely to make listeners angry 3 (message) doesn't always reach the target
leaflet	1 low cost 2 fast and easy 3 easy to find the advertising effect	1 much waste 2 costly for distribution and unsecure
direct mail	1 presentable in color 2 able to reach prospective customers directly 3 able to use plenty of illustrations and messages 4 easy to find the advertising effect	1 occasionally very wasteful 2 costly for distribution in a large volume 3 difficult to keep the list of sendees in order
outdoor advertising	1 impressive 2 lasting	1 costly 2 doesn't lead to direct sale 3 no chance to present the sales message
transportation advertising	1 low cost 2 presentable in color 3 likely to be read well and seen repeatedly	1 doesn't lead to direct sales 2 difficult to judge how many people saw the message 3 not always reaches the target
film	1 able to charm the audience 2 presentable in color 3 able to use the sounds and action to draw attention	1 occasionally felt oppressive or (message) uncomfortable to the audience
POP advertising	1 able to make the final appeal to the customers at purchase points 2 more effective in combination with mass media advertising	1 liable to cause roar in the shop
internet, etc.	1 able to give information globally 2 able to search for the required information in color image around the clock	1 low diffusion rate of personal computers 2 required to own a personal computer and master its usage

Source : Kubomura, Deushi & Yoshimura (1995) p.101, partially modified by the author.

Section 3 Personal Selling

1 Significance and Function of Personal Selling

(1) Significance of Personal Selling

Personal selling represents the “oral presentation made to one or more prospective customers for sales,” according to the definition of the AMA¹⁰.

In other words, personal selling is a salesperson’s activity which connects the product or service with each prospective customer to lead him or her to purchase, and comprises a large share of the promotion mix along with advertising. As the negotiation technique and the attitude of the salesperson are the keys to success, it is necessary for him or her to continually improve.

(2) Function of Personal Selling

The functions of personal selling can be summarized as follows¹¹.

① Finding a prospective customer quite accurately

Since the prospective customer can be specified, managerial resources can be saved.

② Meeting the specific objection (dissatisfaction)

It is possible to deal with the objection (dissatisfaction) of the prospective customer on the spot, unlike advertising.

③ Actually presenting the product to have it used

To facilitate the decision on the purchase of the product, it is possible to be in touch with the five senses.

④ Forming a friendship

It is possible to build up an amicable human relationship with the customer and to use these ties to make him or her a regular customer.

⑤ Helping to close a sales contract

It is possible to lead a customer from the stage of “desire” to that of “conviction” or “decision,” getting him or her to close a sales contract.

⑥ Performing non-sales activities

To render the sales-concomitant service (repair service, product information, dealing with complaints, etc.) and collect market information (credit information,

customers' direct voices and information concerning the movements of competitors)¹²⁾.

This sixth function is an indispensable factor of the exact planning and execution of marketing by an enterprise. As a matter of fact, most salespersons of “Vital Small Companies” are utilizing this sixth function extremely positively.

2 Types of Personal Selling

There are the following three types of personal selling:

(1) Creative Selling

This is high-grade business or sales style by a salesperson who creates demand for the relevant product by making customers' potential needs distinct, or searches for the potential (prospective) customer and gets him or her to favor the brand. E.J. McCarthy differentiates this type from the mere order taker, and calls it an “order getter.”¹³⁾

The salespersons of this type must have the following three abilities:

- ① More than enough merchandise knowledge
- ② Ability in consulting sales (sales of the suggestion type)
- ③ Ability as a sales engineer in case of industrial goods

(2) Maintenance Selling

This is the type whose sales work consists primarily of sales office work or sales which gives necessary information to, packaging for, receiving payments from, and makes regular visits to customers with whom a continuous business relationship has already been established or who have already decided on the purchase, or at least prefer the brand. MacCarthy calls this type a mere order taker¹⁴⁾.

(3) Missionary Selling

This is the type whose main purpose is winning the favor of customers or the supportive activity for the benefit of customers, and which focuses on the supportive assistance to sales without doing sales or order-taking. MacCarthy calls this type a supporting salesman¹⁵⁾.

This means the person in charge of giving advice for the solution of managerial problems, such as assistance to salesperson's sales activity, assistance to salesperson's training, stock control for retail shops, display and price setting. The “propaganda”

salesman in the medical industry of Japan used to correspond to this.

Anyway, the business (sales) activity should be developed using full team work by the above-mentioned three types of appropriate salespersons, placed in the appropriate positions.

Among these three types of personal selling, creative selling is the most preferable. However, in many cases small manufacturers can't afford to hire enough number of salesperson of this type. Accordingly in some of the excellent small manufacturers like Mochikichi¹⁶⁾, Shabondama Sekken¹⁷⁾, Ishimaru-Seimen¹⁸⁾, the President himself act as a salesperson of either creative or missionary selling.

It is also necessary for small manufacturers in Japan to carry out personal selling from a strategic or global point of view. In the Japanese industrial world, it is a customary business practice that large enterprises are extremely unwilling to purchase any products produced by nameless small manufacturers no matter how excellent the product may be at a reasonable price.

On the other hand, in the US or European countries, where the business custom is so rational that any product of good quality at a reasonable price is purchased even though it is produced by a small manufacturer. In other words, in those countries, the size of the company of the product has nothing to do with purchasing decision.

Accordingly, if a product of good quality by a small manufacturer in Japan can not be introduced in the Japanese market, it is advisable to sell it in the US or European countries. Once it is purchased by a famous company in those countries, it has a great opportunity to sell well in the Japanese market. Good examples are: high quality solder by Nihon-Almit¹⁹⁾ and high quality brushes by Hakuho-do²⁰⁾, and so on.

3 Securing and Nurturing Salespeople

In order to secure and nurture the above creative types of salespeople, it is necessary to use the proper methods throughout each of the four phases of ① employment, ② education & training, ③ motivation, and ④ job evaluation.

(1) Employment

1) Required Qualities

In order to secure and nurture the creative type of salesperson, it is necessary to

check the existence of the following seven qualities upon employment:

- ① communication ability
- ② Persuasion ability (ability to convince the difficult to persuade)
- ③ Human charm (character to attract people)
- ④ Scholastic ability, research-orientation and wisdom (potential ability to solve problems)
- ⑤ Positiveness (fond of people and full of sociability)
- ⑥ Ego drive (desire to convince a prospective customer to be an actual customer)
- ⑦ Sympathy drive (ability to read the feelings of the other person)

D. Mayer and H.M. Greenberg present as a result of research that the salesperson with the two qualities of “ego drive” and “sympathy drive” generally have good results and show a high rate of continuous service²¹⁾.

2) Notes on “Midway” Employment²²⁾

In addition to the above points, the following points should be noted in case of “midway” employment:

- ① Business sense and presentation ability should be evaluated more than business career.
- ② The fixed concept of age and sex should be removed and those who can act energetically with fresh ideas should be employed regardless of age and sex.
- ③ The adaptability and aptitude of the person instead of the career of the former job should be evaluated.
- ④ The “second” new graduates (new graduates who have quit their jobs after a few years of employment due to inaptitude and are ready for their next employment) are to be targeted. It is important to involve them in the same training system as new graduates.
- ⑤ The system should enable the sales department to cooperate with the personnel department for recruitment.

(2) Education and Training

In order to conduct sales training effectively, it is necessary to carry out a combination of the following three: ① making one understand the behavioral aspects of outstanding salespersons, ② making one acquire the basic knowledge as a salesperson

and ③ giving one education and training of various systems.

1) Outstanding Behavioral Aspects of outstanding salespersons

C. Garfield, professor of clinical psychology in the Medical Department of UCSF, presents the following six items as common behavior seen among salespeople with outstanding results in his report of 20 years research²³⁾:

- ① Always coming up with a breakthrough in the face of risk
- ② Setting a short, medium and long-term goal in order to accomplish a given task without fail
- ③ In case of a problem, tackling it seriously, aiming to solve it for oneself without escaping it
- ④ Regarding oneself as a partner or a team player of the customer
- ⑤ In case of refusal to purchase, considering it as an opportunity to obtain a lot of useful information
- ⑥ Rehearsing to oneself like a leading athlete or artist

2) Basic Knowledge of a Salesperson

The items of education and training for salespersons vary according to the requirements of enterprises, but the following five are common items for salespersons to acquire²⁴⁾:

- ① Business knowledge
History of the enterprise, organizations, financial conditions, major goods and their sales volume, etc.
- ② Merchandise knowledge
To acquire this, the FABE Matrix System shown in Table 2 is effective²⁵⁾.
- ③ Characteristics of customers and competitors
The needs of target customers, their purchasing motives, strengths & weaknesses of competitors, etc.
- ④ Effective presentation
The methods of persuasion to customers at the point of sales
- ⑤ Practical business and responsibility at the point of sales
The allotment and proportion of time for actual sales activities (with the other party at business negotiation) and sales-concomitant activities (travel, planning,

Table 2 F A B E MATRIX

item name	Feature	Advantage	Benefit (for customers)	Evidence (actual cases)

Source: Yamamoto (1994) p.94

writing a business report, etc.), how to spend expenses, how to write a business report, and an effective way of route selling

3) Systems of Education and Training

- ① Lecture-style (effective in combination with visual instruments)
- ② Role-playing (the role of a customer played by a fully experienced salesperson)
- ③ OJT-On the Job Training (training at the actual sales spot with the accompanying superior)
- ④ Visit to other shops (in case of a salesperson, learn by visiting other prosperous shops within the same line)
- ⑤ Case study (discussion and analysis of cases of sales)
- ⑥ Conference-style (high-grade training system for experienced salespersons)

(3) Motivation

The real motivation is not compulsion or threat but spontaneous stimulation of the morale.

F. Herzberg points out in his book "A Theory on Hygiene for Motivation"²⁶⁾ that the motivation for employees has two main factors. One is the "hygienic factor" whose insufficiency would harm the mental health and dampen the morale. The other is the "motivation factor" whose sufficiency would positively heighten spontaneous morale.

The former has labor conditions (wage, holiday & vacation, break, etc.), human relationships (consulting system of personnel matters), welfare (social insurance, pension & retirement pay, housing, medical check-up, various recreations, etc.). The

latter suggests setting up in the company the system of “developing the ability,” from “meeting the goal” to “confidence” to “having the desire to develop the ability further and enhancing the morale.”

Its concrete means are reliable education and training, setting of a higher goal and duty, indirect assistance to their fulfillment, admiration and recognition by the superior, promotion and pay raise by ability and achievements, etc.

(4) Job Evaluation

For an effective job evaluation, it is helpful to prepare a radar chart indicating the enterprise-based important evaluation items such as sales volume, merchandise knowledge, catering technique, frequency of visit, ego drive and planning quality, and have the sales manager and salesperson separately evaluate both objective and subjective evaluations, and make comparisons between the two types of evaluation in a private room with both parties present.

Section 4 Public Relations

1 *Significance and Function of Public Relations*

This is to establish a favorable relationship with the interest groups surrounding the company so they may favor the enterprise. As D.Murphy indicates, the object to be informed of is the company itself²⁷⁾. The idea is the same as the Japanese proverb “if you are to shoot a general, shoot his horse first.”

Another major characteristic is that public relations is directed to interest groups or stakeholders including customers (actual and prospective). Thus this type of “promotional activities have an indirect influence on the sales of products just like a body-blow in boxing.” These characteristics are quite similar to the definition of institutional advertising; however, unlike advertising, Public Relations does not have to use the media to communicate its message²⁸⁾.

2 *Effective Means of Public Relations*

The effective means for this are as follows:

- ① Public activities like charities.

- ② Leaving part of the company's facilities open for local people's use.
- ③ Business activities paying good attention to environmental conservation. Securing ISO 9001 is a good means for it.
- ④ Use of publicity that is mass media's news report of the favorable aspects of the product of the particular enterprise, or the enterprise itself. (Note that this description is similar to that of institutional advertising or just advertising, however, it is different from them in that it is free of charge.)

It also has the merit of high receptivity by the audience as well as its free cost. In order to make use of it, it is necessary for the enterprise to build a favorable relationship with the media at ordinary times (construction of a press relationship) and be ingenious enough to add character of news to corporate information. Ideally, small manufacturers should use as much "Publicity" as possible as a fundamental means of Public Relations. It goes without saying that they should do their best for the environmental conservation.

Section 5 Sales Promotion

1 Significance and Function of Sales Promotion

According to the AMA, sales promotion is a promotional activity other than advertising, personal selling, and public relations, whose function is to stimulate the customers' purchasing motives and to increase sales efficiency. It comprises such non-daily and non-repetitive activities as displays, trade shows, demonstrations, and so on²⁹⁾.

Its concrete means are three; ① Sales promotion to the target market, ② That for dealers and ③ That for employees (refer to Figure 1)³⁰⁾.

2 Types of Sales Promotion

(1) Sales Promotion to the Target Market

This includes ① Word-of-mouth communication, ② Sales with premiums, ③ Discount coupons, ④ Samples, ⑤ Demonstrations, ⑥ Fairs & Shows, ⑦ Campaigns, ⑧ Consumers' contests, ⑨ Organization of customers, etc. Among these, small manu-

facturers should regard “word-of-mouth communication” as their fundamental means of “Sales Promotion.” This is because it is the action of customers passing good information concerning the product of the relevant enterprise or the enterprise itself to others in an infectious manner. And so, it has the merit of having high receptivity among those who receive the information as well as incurring no charge. Accordingly, it is called a “Free Salesperson.” In order to utilize it, it is necessary to stick to “thorough customer orientation” and also make good use of opinion leaders.

(2) Sales Promotion to Dealers

1) The Announcement Type

- ① Presentation sale: preliminary show, trade fair, etc.
- ② Distribution of house organs

2) The “Dealer-Helps” Type

- ① Offering sales tools: signboard, show case, appliances & fixtures, POP, etc.
- ② “Soft” guidance: managerial consultation³¹⁾, sales guidance, employees’ education & training, etc.
- ③ Holding social gatherings
- ④ Giving a high margin & rebate
- ⑤ Sales contest, etc.

Today, the dealer promotion system replaces the “dealer-helps” type as mainstream. This is the system of making an ABC analysis of dealers on the basis of contribution to sales and giving different levels of support to the A, B and C groups based on sales contribution, under the principle of fairness³²⁾.

(3) Internal Sales Promotion

This is the policy of having all employees help increase sales volume.

- ① The “high-touch” service to interested groups: All employees cooperate by aiming at the improvement of the afore-mentioned PR.
- ② Cooperation in sales: Each employee not only purchases the product for home-use or as a gift but also recommends it to his friends and acquaintances.

Section 6 Pull Strategy and Push Strategy

This strategy, whose pillar is promotion, can be roughly divided into two basic types, pull strategy and the push strategy.

1 Pull Strategy

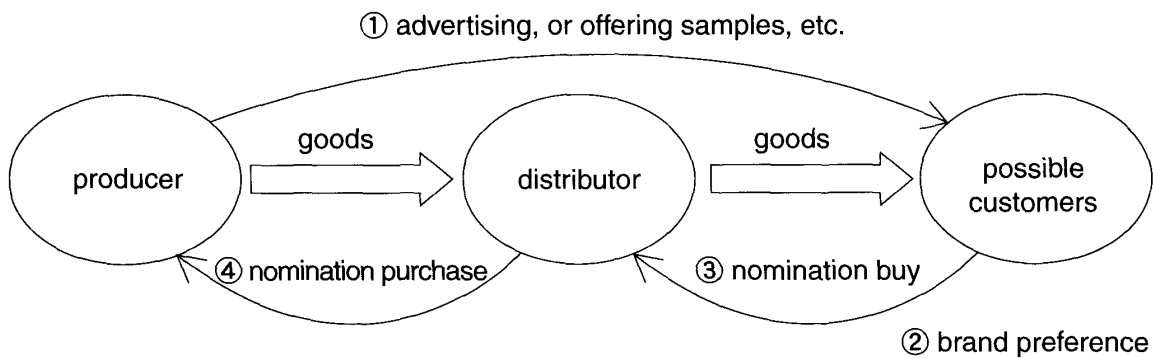
(1) Significance

This is the scheme of generating possible customers by creating brand preference in advance of purchase through impressive “advertising,” or offering samples, etc., then getting them to make a “nomination buy” and subsequently, motivating distributors to make “nomination purchase.” As shown in Figure 2A, it is called the pull strategy because customers preferring the brand are attracted to the producer.

(2) Concrete Means

The key to success of this strategy is to create customer brand preference, using methods below:

A Pull Strategy



B Push Strategy

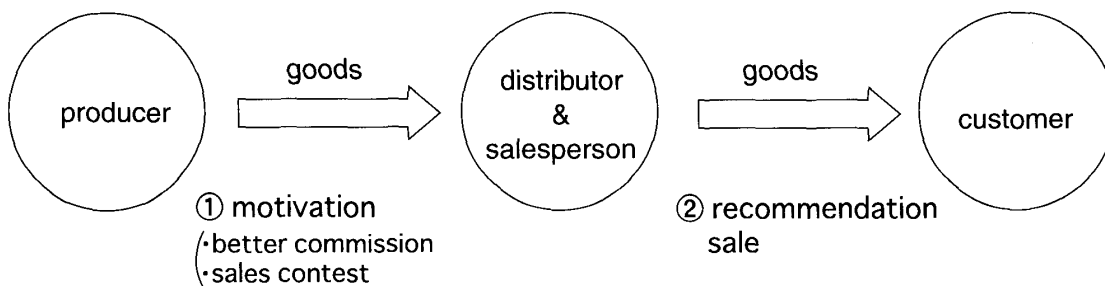


Figure 2 General Scheme of Pull Strategy and Push Strategy

- ① Impressive merchandise advertising
- ② Giving trial goods or samples
- ③ Organization of customers:

This means to organize customers according to areas and hold lecture classes and events, aiming at increasing members and changing them into passionate fans or partners of the enterprise.

(3) Suitable Goods

As a rule, convenience goods and specialty goods among consumer goods are suitable.

(4) Notes

In order to make an effective pull strategy, it is necessary to implement the following two policies simultaneously:

1) Open Channel Policy

This means to sell the product at as many stores as possible because it enables the brand-attached customers to buy the product at the stores where they imagined they could get it.

2) Prevention of Stock-outs (Prevention of chance sales loss)

This means to endeavor to prevent stock-out so as not to miss sales for the customers in store for the tender buy.

2 Push Strategy

(1) Significance

This is the promotion system with emphasis on personal selling and is the policy to expand sales by motivation of salespersons or distributors, i.e. wholesalers and retailers. As shown in Figure 2B, it is called push strategy because producers push the goods to customers through the recommendation by salespersons.

(2) Concrete Means

The key to success of this policy is to motivate distributors and salespersons. The following represents measures:

1) “Dealer-Helps” to Wholesalers and Retailers

This means to develop various supportive sales schemes for wholesalers and

retailers to help them in their dealings and to promote co-existence and co-prosperity with them.

With their execution, the dealer promotion system will be effective. Also in this system, it is important to make a target of the dealer whose customer is the end-user, i.e. the retailer for consumer goods and the distributor for industrial goods.

2) Organizing Efficient Marketing Channels

This requires maintaining efficient supportive channels like the selective channel policy or the monopolistic channel policy.

3) Improvement of the Quality of Salespersons

This means not only hiring superior salespersons but also conducting education & training and offering various motivational schemes for the improvement of their abilities and morale.

(3) Suitable Goods

As a rule, shopping goods among consumer goods and industrial goods are suitable.

3 Selection of “Pull” or “Push”

Whether the pull strategy or the push strategy should be followed depends on the specifics of the product, market, channel, competitive relationship, and the company’s financial capacity. Yet, in order to fully utilize the promotional effect, it is necessary to follow both strategies, placing stress on either of them according to the kind of product available, instead of focusing equally on both of them (refer to Figure 3).

The suitable conditions for pull strategy and push strategy are as follows:

(1) Cases Mainly Suited for Pull Strategy



Figure 3 Products Fit for Push or Pull

- ① The target market is broad
 - ② Having sufficient financial capacity for advertising or offering samples
 - ③ Handling consumer goods of the standard type with a low unit price and high frequency of purchase
 - ④ A quick market penetration of information is needed
 - ⑤ Having a high degree of product differentiation
 - ⑥ Handling seasonal goods
- (2) Cases Mainly Suited for Push Strategy

Push strategy, the promotion strategy whose main means is personal selling, is suitable for the following cases³³⁾ :

- ① The market being convergent
- ② Not having sufficient funds for advertising because of a limited corporate scale
- ③ Having industrial goods with a high unit price and low frequency of purchase
- ④ Having to meet customers' needs on an individual basis
- ⑤ A big difference arising in the added value of the product, depending on the activity of a salesperson
- ⑥ A demonstration or a trade-in being required
- ⑦ The degree of product differentiation being low
- ⑧ Handling year-round goods

Conclusion

Since the target market of small manufacturers is a niche market, comparatively small in size and that they lack managerial resources, their ways of promotion activity is also limited. Accordingly, among advertising methods, SP advertising (especially DM and multi media advertising) is suitable. When it comes to mass media advertising, local TV, local radio, local newspaper and specific type of magazines well circulated among the target market for the product of the particular small manufacturers are to be utilized.

As to personal selling, it is important that the president himself acts as a salesperson of either a creative type or a missionary type too.

The best way for a small manufacturer to utilize public relations is to do its best to attain the top market share in the specific business domain. Then, “Nikkei Business,” one of the leading economic magazines in Japan, or some other magazines or newspapers may introduce the company in their serial column or as news. The key point is to do something splendid that mass media would like to scoop.

Sales promotion is generally the most suitable means of promotion activity for small manufacturers. Especially so are the following activities: arousing word of mouth communication, demonstration sales, participation in trade fairs, and so on.

It has to be born in mind that promotion activities should be carried out from strategic and global point of view, and also from a viewpoint of creating movement of customers.

Notes

- 1) McCarthy, E. J., *Basic Marketing: A Managerial Approach*, Richard, D. Irwin, Inc., 1964 p.639, partly modified by the author.
- 2) Shimizu, A., *Sales Promotion*, Dobunkan, 1961, p.50.
- 3) One of three kinds of psychological attitudes toward brands. One particular brand is preferred but when the product is not handled or is sold out at the store, another brand is bought.
- 4) McCarthy, E. J., *Ibid.* p.644.
- 5) Committee on Definitions, AMA, 1960.
- 6) Kubomura R., “Philosophy and Strateg of Marketing”, R. Kubomura, M. Deushi, H. Yoshimura, *Marketing Dokuhon*, Toyokeizaishimposha, 1995, pp.96-97.
- 7) Kubomura & Abe, *Marketing Management*, Chikurashobo, 1987, p.189.
- 8) Kubomura & Abe, *Ibid.*, pp.188-189.
- 9) McCarthy E. J., *Ibid.*, p.704.
- 10) Committee on Definitions, AMA, 1960.
- 11) Deushi, M., *Marketing Management*, Hakutoshobo, 1977, pp.195-197 was summarized.
- 12) Therefore, salespersons have to be trained not only for achieving the sales goal, but also for collecting and presenting information.
- 13) McCarthy, E. J., *Ibid*, p.676.
- 14) McCarthy, E. J., *Ibid*, p.682.
- 15) McCarthy, E. J., *Ibid*, p.685.
- 16) *Nikkei Business*, May 11, 1998, pp.55-56.
- 17) *Nikkei Business*, July 24, 2000, pp.74-75.
- 18) *Nikkei Business*, Jan. 27, 2003, pp.62-63.
- 19) *Nikkei Business*, Jan. 8, 2001, pp.58-59.
- 20) *Nikkei Business*, March 6, 2000, pp.62-63.
- 21) Mayer D. & Greenberg, H. M., “What makes a good salesman?”, *Harvard Business Review*,

- 1964, pp.119-125.
- 22) Fujimori Y., "Motivation for Salesperson hired in the middle", *All Sales*, Aug. 1991, pp.18-19.
- 23) Garfield, C., "What makes a supersalesperson?", *Sales and Marketing Management*, Aug, 13, 1984. p.86.
- 24) Kotler P., *Marketing Management*, Prentice-Hall, 1986, p.555.
- 25) Yamamoto, H., *Strategic Sales Management for Small and Semi-Big Companies*, Senbundo, 1994, p.94.
- 26) Herzberg F., *Work and Nature of Man*, World Pub. Co. [1966] (translated by Kitano T.) *Work and Nature of Man*, Toyokeizaishimposha, 1968, pp.87-91.
- 27) Murphy, D., *The Fast Forward MBA in Marketing*, 1997, John Wiley & Sons, Inc. (Translated under the direction of Shimaguchi, M.) *MBA Marketing*, Japan Economic Newspaper, 2003, p.120.
- 28) Rix, and Stanton, *Marketing: Practical Approach, 3rd ed.*, The McGraw-Hill Companies, Inc., 1998, p.452.
- 29) Committee on Definitions, AMA, 1960.
- 30) Shimizu S., "Sales Promotion for Consumers, Dealers and Internal Employees", Kubomura, R., Tanouchi, K., Murata, S., *Fundamental Knowledge of Marketing (2)*, Yuhikaku, 1976, pp.266-268.
- 31) Managerial consultations and other kinds of support presented to small retailers who are suffering from large scale retailers established nearby are especialy called "Retail Support".
- 32) For the concrete means, please refer to Hisayoshi Yamamoto, 2000, *Principles of Practical Marketing Management*, Senbundo, pp.301-302.
- 33) Deushi, M., *Ibid.*, p.202.