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RELATIONSHIP BETWEEN PROMOTION AND DISTRIBUTION CHANNELS

1. INTRODUCTION

Present-day conditions of functioning of the socialist economy make allowances, to a large extent, for importance of the market mechanism. Obviously, what we mean here is not an automatically functioning market but a market in which basic conditions of supply and demand should be determined by the central plan.

Problems of the consumer market at the present stage of socio-economic development of Poland continue to represent a very important subject of researches. Their importance is underlined by the fact that „...programmes of last congresses of workers' parties and communist parties in European socialist countries outline the place and functions of the market in the context of goals and means of implementation of the next stage of socialism development”¹.

Assumptions of the socialist economy confirm a need for full satisfaction of social needs in given conditions of place and time. Close correlation between physical transfer of products by means of different systems (containers etc.), organization of marketing channels, and promotional activity is, therefore, of such great significance. The promotional activity is understood here, on one hand, as a system of market information, in its wide sense, being transferred in big quantities to all buyers, while, on the other hand, it is an important component allowing to create demand or affording possibilities for a shift of demand to another group of products. We should remember here that informa-

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¹ R. Zabrzewski, *Rynek konsumpcyjny na obecnym etapie rozwoju socjalizmu* (Consumer Market at the Present Stage of Development of Socialism), „Handel Wewnętrzny” 1978, No. 1, p. 1.

tion transfer is always connected with fragmentary decisions concerning such matters as ²:

- a) to whom an offer should be submitted?
- b) what contents should it contain?
- c) what terms, as contained in the offer, can be accepted by the other party?

What we mean here are two strategies of activity in the market. Firstly, when the market is treated as a homogeneous (undifferentiated) system, and secondly, taking into account its segmentation, we divide the whole market into appropriate groups of buyers and/or users.

Correlations between marketing channels and promotion are either of complementary or substitutional type according to the accepted programme of the market policy being dependent upon characteristics of the product. That is why, in practice we are dealing with the following alternatives (Push and Pull concept):

- a) with an activity aimed at bringing products nearer to a potential buyer by a proper adaptation of the marketing system — local stores, frequency of deliveries, width and depth of assortment etc. We mean here, first of all, products purchased daily (staple foods and other articles);

- b) with an activity aimed at attraction of the potential buyer to the product by means of a proper application of the promotional activity. This refers mainly to articles purchased infrequently — clothing, consumer durables etc. Both in the first and second case, a final social verification and acceptance of a product by potential buyers is performed by the sale-purchase act in a definite link of a marketing channel. Therefore, in both these solutions, we should not forget about the importance and role of the product itself as well as about its proper display in the selling point. Equipment of distribution links with appropriate means facilitating display of products and active attitude of selling personnel allow to create a favourable commercial climate being decisive for the success of a sale.

We are of an opinion that assurance of freedom of choice for individual consumption does not ensure automatically its realization in categories of social rationality. Among others, a properly conducted in the longer run trade policy — understood as all principles, methods, and means applied by economic units to achieve a definite goal in the market — is of utmost significance. One of its instruments is promotional activity, which traditionally includes:

— advertising,

² J. Kornai, *Anti-Equilibrium*, Warszawa 1977, p. 295.

- sales promotion,
- personal selling,
- public relations.

Effective management of these means represents one of more important present problems of the market policy (marketing strategy).

2. RELATIONSHIP BETWEEN PROMOTION AND DISTRIBUTION CHANNELS

The most important place in which both complementary and substitutional relations are concentrated are particular links of distributional channels, and thus — stores of the retail network. They are the last but one phase of the physical transfer of products from production to consumption sphere, and simultaneously they constitute an important vehicle of promotion by providing possibilities of displaying the product itself and its packaging. In the whole process of communication, by which we understand the promotional activity³, the retail network — from this point of view — regardless of the size of stores and form of provided services, is of principal importance. We are obviously not trying to analyze here, in any detail, the basic characteristics of the communication system understood as exchange of information between the emitter and the receptor by means of a set of symbols both through publicity media and distribution channels.

Planning of the promotional activity consists in such organization of a system, which allows to co-ordinate all efforts in elaboration and implementation of the whole selling strategy. Formation of a strategy encompasses decisions concerning instruments and activities connected with promotion of sales in the market. Decisions taken while formulating a selling strategy depend upon rules of management of company activity, and primarily on fixed objectives and internal as well as external conditions being shaped directly or indirectly by the central management body, and upon the fact that this strategy does not constitute a separate form of company activity in the market, but it is an element of an integrated strategy.

Formulation of the market strategy (sales promotion) encompasses first of all:

- a) selection of sales promotion instruments;
- b) definition of the scope of application of particular instruments and their role in the strategy;

³ M. Brzostowski, J. Szymczak, *Działalność promocyjna jednostek gospodarczych w Polsce* (Promotional Activity of Economic Units in Poland), „Biblioteka IHWiU”, 1978, pp. 8—19.

c) selection and determination of methods of application of particular instruments of sales promotion.

On the basis of these prerequisites we can define the importance of promotion in the contemporary market the aim of which is to dynamize proceeds of sales both of new products and of those which have been already placed on the market through increase of the number of buyers and their demand⁴.

3. RELATIONSHIP BETWEEN THE STAGE OF THE PRODUCT'S LIFE CYCLE AND MEANS EMPLOYED IN PARTICULAR STAGES OF PROMOTION CAMPAIGN

In many cases the promotional activity is launched much earlier than the product itself reaches distribution units. Time period lapsing between passing the first information about the product and its introduction to distribution channels is largely differentiated. It is even difficult to attempt here any correct and exact taxonomy as in economic practice these activities are not always fully implemented in a systematic way based on some rules of behaviour (Table 1).

Table 1

These relationship can be graphically presented in the following way

Stage of product life cycle	Promotion stage	Promotion means	Degree of promotional activity intensification
Product development	informative promotion	shaping of relations with environment	moderate
Product introduction into the market		advertising, sales promotion, personal selling	very strong moderate very strong
Market growth		advertising	moderate
Market maturity and saturation	consolidating promotion	personal selling sales promotion public relations	strong strong moderate
Sales decline	reminder promotion	advertising sales promotion personal selling	strong very strong strong

⁴ L. Polanowski, *Kompleksowy zasięg działalności marketingowej przedsiębiorstw na rynku socjalistycznym* (Comprehensive Scope of Marketing Operations in the Socialist Market).

Since its introduction into the market, the product finds itself in links of distribution channels which since that moment become an important element of the promotion programme representing an essential vehicle of advertising through product display in the shop window and inside the shop. Regardless of the intensification degree of different promotion means in particular campaigns encompassing definite stages, effective physical transfer of the product to the distribution system is of fundamental importance for the success of the product in the market. It should secure provision of the product in sufficient quantities to retail outlets, which are convenient for buyers. We should not forget here obviously about behaviour of different consumer groups in relation to products in the market, the attitudes of which determine the volume of deliveries in time. Especially when introducing a new product into the market it becomes necessary to take into account the time of buyers' response to information transmitted through various advertising media. From this point of view, we are meeting different groups of buyers representing different psychological attitudes, which can be divided into such groups as; recklessness, leadership, reason, scepticism, and conservatism⁵. These attitudes must be taken into account when elaborating any promotion programme.

The second sphere of promotion activity connected with laying emphasis on different selling seasons, traditionally associated with definite seasons of the year, is closely correlated with the stage of the product's life cycle. Promotional activities are then focussed on providing information about location of retailing network, and about products which have entered consecutive stages of their life cycle (maturity and sales decline).

Both these spheres of the promotion programme in the final calculation are closely linked with the distribution system and effective operation of its different links.

rations of Companies in the Socialist Market), „Zeszyty Naukowe Akademii Ekonomicznej im. K. Adamieckiego w Katowicach” 1975, 2(56), p. 19.

⁵ Division of buyers according to the time of purchasing of market novelties produces the following groups: innovators (2.5%); early buyers (13.5%); conservatives (34%); very conservative buyers (34%); archaic buyers (16%). E. Lange, J. Meyer, *Principes et pratique du marketing*, Paris 1975, p. 84. Another division includes: innovators (3—5%); prudent buyers (10—25%); cautious buyers (15—20%); passive buyers (45—60%); and languid buyers (5—10%). E. Kucharska, *Opakowanie sprzedaje towar* (Promotional Value of Packaging), „Reklama” 1976, No. 10, p. 4.

4. RELATIONSHIP BETWEEN ADVERTISING MEDIA AND DISTRIBUTION CHANNELS

In the whole system of market communication there exist close correlations between distribution channels — promoting products and their packaging in retailing outlets, and advertising media — publicizing information about products. Each potential buyer, who is reached by information about products transmitted by different advertising media, can perform confrontation of this information in particular links of distribution channels. As it was mentioned above, links of distribution channels represent an important means of promotion. The difference between links of distribution channels as a promotion means and others consists in the fact that we are dealing here with a real product, while in the case of other promotion means we have only general information about its properties. The correlation between them lies in the fact that in present socio-economic conditions we cannot rely on only one of these means as they must be utilized in a programmed and closely integrated manner. Another sphere of correlations is accurately defined by T. Sztucki⁶, who says that relations between promotion means and levels as well as intermediary links cause that „...the bigger the number of market middlemen the bigger the need for promotion and advertising, and the bigger the possibility of direct personal selling the smaller the need for application of promotion and advertising”.

The state of advertising media must be analyzed from the point of view of the number of population in the production age (18 — 59/64 years of age), and thus of the population which mostly takes purchasing decisions. Another important prerequisite is represented by the number and structure of households.

The second important factor is degree of possibilities for employment of these means and subordination of the advertiser as well as the scope of influence exerted on a definite market segment.

Basically, display of goods in a retail outlet cannot be associated with manipulation of a selected market segment as it is — regardless of assortment diversification — accessible to all potential buyers. Only other advertising media can reach a definite market segment.

It refers to such advertising media as press, which with its newspapers and magazines appearing in colourful editions and with different frequency, can reach target market segments, with the intensity

⁶ T. Sztucki, *Kanały rynku. Czynniki kształtowania — kierunki rozwoju* (Market Channels. Factors of Formation — Development Trends), „Biblioteka IHWiU” 1978, p. 21.

of its impact depending upon the size of circulation. Providing a proper space for advertisements, this medium of advertising is of great importance now that everybody can read.

Other media of advertising include:

a) Cinemas, the number of which, the number of seats and performances and especially the number of spectators to whom advertising information is presented in form of different commercials — remain at a substantial level;

b) Radio commercials of both central and local broadcasting stations, allocating a considerable portion of their emission time to commercials, represent quite an important advertising medium for some groups of buyers. Obviously the effectiveness of this medium depends upon the number of wireless-sets possessed by households;

c) Television constitutes an especially important medium of advertising as it can broadcast advertising programmes (commercials) also in colour. Its effectiveness, as it was the case with radio broadcasts, depends upon the number of TV sets in households.

d) Printing capacities, determining the number and colouring of folders, catalogues, leaflets and other forms of advertising publications, are also of some importance here. They are handed to definite market segments in particular stages of the promotion campaign (distributed in places of dwelling, transport facilities, work places and retail network);

e) Finally we should mention here street hoardings and other places where posters can be displayed like waiting-rooms belonging to different means of mass transport, public offices, sport stadiums etc.

There is expressed an idea that in present socio-economic conditions we are dealing with „Information Explosion”, being a consequence of unprecedented saturation of the society with technical means of transfer and reception of information⁷. Hence the need for very precise definition of proportions and relations between information being transferred, stimuli encouraging purchases of definite products and their state in the distribution system on one hand, and the need of withdrawing from distribution channels products being in their market decline

⁷ Today there are over one billion radio sets in the world, 25,000 broadcasting stations, 400 million TV sets, over 100 telegraphic agencies, thousands of newspapers and magazines. There come out over 1,500 books a day. J. Koszelow, W. Oreł, *Rozpowszechnianie informacji, opinie publiczne, stosunki międzynarodowe* (Dissemination of Information, Public Opinion, International Relations), „Prezentacje” 1979, No. 1, p. 3.

stage on the other hand. Detailed researches in this field represent a basis for taking right decisions⁸.

5. PERSONAL SELLING AS AN ELEMENT OF PROMOTION IN DISTRIBUTION CHANNELS

Personal selling is of special importance in mutual relations between promotion and distribution system. Knowledge of salesmen about characteristics of products, their properties, way of using are very important in promotion of sales. If we add to it their politeness and kindness combined with a wide selection of products encompassed by the promotional activity, we shall discover that it is in this place that correlations between promotion and distribution channels become most pronounced.

Of course, the motivation system of salesmen's attitudes and the whole promotion programme are determined by both the level and intensity of training in the field of new products, their utility functions etc. and the whole motivation and stimulation system along with influence of sales promotion means at the time of different promotion campaigns connected with the stage of product life cycle and a definite selling season.

The emphasis laid on attitudes of salesmen in the promotion mix results from the fact that effectiveness of personal selling is visible exactly in the system of different links of distribution channels.

6. ROLE OF PACKAGING IN PROMOTION AND IN DISTRIBUTION CHANNELS

The most important stage of every promotion campaign is the impact of the product display itself concerning the product in its place of selling, with comprehensive co-operation of all information media and promotion means being characterized with the biggest intensity in establishing a direct contact between a potential buyer in a definite market segment and the promoted product.

Systematic expansion and deepening of assortment of products being launched in the market and the need for accelerating their circulation

⁸ J. Dietl, T. Domański, *Badania marketingowe jako podstawa podejmowania decyzji* (Marketing Researches as a Basis for Decision-Making), „Handel na świecie” 1978, No. 3, pp. 44—62.

call for introduction of modern forms of selling. Their development, first of all in the form of self-service network, is dependent on application of proper packaging apart from many other factors.

There exists here a relationship, which is still underestimated, between development of modern forms of selling and differentiation of packagings adapted to different market segments. This segmentation results on one hand from the level of incomes in households and the number of family members, while on the other hand it is a result of such social phenomena as e.g. mass expansion of tourism in its different forms.

In particular stages of marketing process goods are often translocated. On their way from the place of production goods must be counted, piled and handled both in production and wholesale as well as retailing units. These operations are very time-consuming and expensive, especially in the final links of the marketing chain.

In the marketing policy the packaging receives very important tasks, which must be fulfilled in a definite branch market. These tasks are accomplished through utilization of utility and instrumental functions of packaging. Utility functions include protection of product, facilitated storage, transport, selling and use of the contents (manipulation factor)⁹. Instrumental functions are utilized in a definite market through differentiation of the size of portions, application of graphic and colouring forms, and contents of the included information. Packagings fulfilling these functions constitute an important element of the market policy apart from such factors as the quality of the product itself, properly fixed prices, market position, familiarity with the brand, organization of distribution channels and promotion.

Development of modern trade forms, and especially of the self-service system are largely dependent upon deliveries of articles in unit packaging. Rapid development of the self-service generated a need for introduction of new techniques in the field of packagings, which become an indispensable element of this form of trade, performing a basic role in it. Modern trade introducing new forms of selling services poses growing requirements before unit packagings, which oftentimes determine whether a product is bought or not¹⁰. The role of packagings is growing along with further expansion of the self-service system, intro-

⁹ A. Knabl, *Verpackung im Dienste des Verbrauchers*, [in:] *Verbraucherpolitik*. West Deutscher Verlag, ed. I. Bock, N. G. Specht, Köln und Opladen 1958, pp. 188—197.

¹⁰ J. Witkowski, *Rola opakowań na rynku artykułów żywnościowych* (Role of Packaging in the Market for Foodstuffs), Łódź 1974.

duction of vending-machines and along with fuller saturation of the market with consumer goods. For packagings to perform their tasks in the self-service system they must meet definite requirements. They must protect the product not only during transport from the producer to the store and in the process of selling, but also during transport to consumer's premises, and next in the course of the product utilization — until the whole contents of the packaging have been used up. On the other hand, a packaging must simultaneously protect the environment from undesirable smells and their mutual penetration.

Unit packagings must facilitate the selling process through convenient manipulation of goods and possibility of their buying in quantities meeting consumer requirements. At present this function is undergoing a considerable evolution as a result of new requirements put forward by buyers.

The basic point is that packaging should be practical and comfortable in its size and shape so that the product can be stored in refrigerators, kitchen cupboards, on shelves, and also perform its tasks in travel and camping conditions. It is equally important that the packaging should be differentiated in its size and contain small portions for single consumption.

Within the framework of its handling function, an essential task of the packaging is to facilitate sales. A product in its unit packaging should be easy in handling. It goes for storing, display on shelves etc.

Packaging in a traditional store should facilitate contact between the seller and the buyer, simplify and shorten time of selling thus increasing efficiency of work.

In the self-service system, the packaging must replace the seller, facilitate product display inside a store and its easy handling in all conditions.

Packaging plays a very important role in product promotion¹¹. Its importance results not only from functions performed by it but also from the fact that development of modern forms of selling depends on application of appropriate packaging making it possible to shorten activities connected with purchasing various articles. A special role is assumed by packaging in the self-service system, where in a direct contact between the buyer and the product in constitutes a factor of sales promotion often affecting a decision of selecting or buying a definite article.

¹¹ K. A. Elling, *Introduction to Modern Marketing*, New York 1969, p. 238.

7. RELATIONSHIP BETWEEN SALES PROMOTION MEANS, DISTRIBUTION CHANNELS AND PRICING POLICY

Different means of sales promotion are equally strongly connected with distribution channels¹². They include all kinds of competitions, coupons inserted into packaging of products, souvenirs, premiums, and price discounts. Proper sales promotion means employed by different promotion campaigns, while affecting almost instantaneously attitudes of buyers and sellers, produce definite effects in distribution channel links and in the pricing policy system. These effects are revealed in increase of sales. Of course, their operation is of short-term character, but apart from their immediate effects they promote strong ties of buyers with a given brand or a definite segment of distribution channels.

Within the framework of these means there are produced different incentives for salesmen in the form of various types of premiums for sale of definite quantities of products in time units. The effectiveness of these forms of manipulating the attitudes of salesmen is of great importance in removing products being in the final stage of their life cycle from distribution channels.

Similarly, short-term sales contribute to cleaning of distribution channels from such products. On the other hand, they provide a signal of the buyers' reaction to these measures, which can be used in elaborating a future pricing policy. These periodical price reductions, which do not possess a common and mass character, lead to increased elasticity of the pricing policy at a given place and time for definite products. They stimulate demand without the necessity of employing central decisions obligatory on the mass scale and unnecessary in other centres.

It is quite difficult to separate distinctly sales promotion means from other means of promotion. It seems that none of these means are so integrally connected with distribution channels as different forms of sales promotion being addressed to direct buyers, intermediate links and salesmen. They have one thing in common, and namely they stimulate attitudes not only of buyers but also of sellers, while their relations with the pricing policy owing to application of different periodical price reductions constitute a proper solution integrating different activities in the market.

¹² J. Szymczak, *Promocja sprzedaży jako czynnik kształtowania popytu* (Sales Promotion as a Factor of Demand Manipulation), „Biblioteka IHWiU” 1974.

8. CONCLUSION

Summing up our remarks, we should underline the close relationships and correlations which appear between the promotional activity, distribution channels and other means of the marketing policy. Underestimation of these relationships and mutual correlations, which together form the marketing policy both in the strategic and tactical approach, may produce many dislocations in activities of a given economic unit. Obviously, the degree of interrelation depends on type of product, accepted strategy of operation in the market in a longer run, and degree of influence of factors disturbing the accepted rules of procedure. Nonetheless, in each case the promotional activity contributes to better satisfaction of needs of end users through distribution channels.

Janusz Witkowski

ZALEŻNOŚĆ MIĘDZY PROMOCJĄ A KANAŁAMI DYSTRYBUCJI

W artykule podjęto próbę przedstawienia zależności jakie zachodzą między poszczególnymi środkami promocji a funkcjonowaniem kanałów dystrybucji. Te zależności przedstawiono jako konsekwencję przywiązywania coraz większej uwagi do zaspokajania potrzeb potencjalnych nabywców na rynku. W tym kontekście przedstawiono związki komplementarne i substytucyjne promocji z kanałami dystrybucji, jako ważnego składnika przyjętej strategii postępowania na określonym rynku.

W rozważaniach wskazano na zależność stosowanych środków promocji od fazy cyklu życia produktu i sezonów handlowych, rolę ogniw kanałów dystrybucji jako ważnego komponenta promocji oraz współzależność polityki cen z środkami popierania sprzedaży.