

**Question 1: What is the most effective form of promotion in almost any industry for almost any product?**

Promotional activities are designed ultimately to influence consumers' individual feelings, beliefs, and behavior, and the most effective method for doing so is by means of personal interaction – word of mouth. Referrals and testimonials by existing clients, particularly when they come from a known and trusted source, are the most powerful means for influencing someone toward a particular company, product or service. If a friend recommends a restaurant, one is far more likely to go there than if solicited by any other medium.

“Word of mouth is the most effective form of promotion,” said Bob Johnson, vice president of marketing for EarthLink Network. “The highest compliment we can receive is when a member feels so strongly about the service we've provided that they recommend EarthLink to a friend or colleague.” More than 25 percent of EarthLink's new members consistently come from referrals (Earthlink, 2001).

“The most effective form of promotion I've found is meeting the fans”, claims author J.A. Konrath (2006), “either at conventions or bookstores. Word of mouth is the best advertising, and who better to spread the word than the writer?”

Accompanying personal promotion is the concept of relationship marketing in which emphasis is placed on building long term relationships with customers for the purpose of customer retention. According to Gordon (1999), “relationship marketing involves the creation of new and mutual value between a supplier and individual customer. It involves understanding the customer's needs as they go through their life cycles.” Buchanan and Gilles (1990) contend that the increased profitability associated with customer retention efforts occurs because of several reasons, the primary one being: “Long-term customers may initiate free word of mouth promotions and referrals.”

**Question 2: What is the primary advantage and disadvantage of Personal Promotion?**

Personal interaction is considered one of the most effective promotional techniques because it facilitates a message tailored to the individual consumer. It is the most effective tool for building buyers' preferences, convictions, and actions. It is nonpublic, immediate, customized, and interactive, which allows for feedback and adjustments. The speaker has total control over what message to send, to whom it is sent, and when it is sent, and therefore the promotion can be highly credible and convincing. Furthermore, personal promotions can generate long-lasting rapport between consumers and sellers that typically generate many repeat purchases (customer retention). Examples of products promoted through personal selling include automobiles, life insurance, real estate, dining experiences, and personal services. Personal promotion can be especially useful the more complex the product or service (Gale and McClintic, 2001).

Drawbacks of personal promotions, however, are that it is one of the most expensive marketing communication tools - especially when it is done by a company's sales force - with a very high cost per contact in relation to the sales generated. As well, coverage is extremely small compared with all other forms of promotion. Across all businesses, more money is spent on personal selling than on any other form of promotion, when considering commissions, communications and training (Dolak, 2004). Companies trying to save money by paying less to the sales people often have the highest costs-to-sales ratio with high turnover rate and high training costs.

**Item 3: Cite an example from a workplace.**

The most valuable asset a company has is its employees. Therefore, an extremely helpful and inexpensive marketing tool is to engage non-sales employees in promotional activities. The company (bank) that this student works for uses a variety of personal promotion tactics to increase sales, both with existing and potential customers, as well as with internal employees.

The activities include cash refund offers/rebates, contests and sweepstakes, patronage rewards, and community activities, all designed to promote the bank's image and services.

The following two community activities are excerpted from a weekly (Sept 29, 2006) sales and marketing newsletter sent to all the bank's employees and contractors:

**Bank Volunteers Needed to Help Teen Students "Get Smart About Credit"**

*"Get Smart About Credit Day' helps teens make wise choices about one of the most important issues facing American consumers — credit. This PR activity similar to "Teach Kids to Save Day" is a great way to generate bank publicity, particularly in rural markets.*

*"The 'Get Smart About Credit' education program offers you prepared lesson plans and activities developed by the American Bankers Association Education Foundation. The activities encourage student participation and appeal to the inquisitive nature of young consumers.*

*"Last year, 50 bankers went into local schools to teach teens about credit. This year, our goal is to mobilize 75 bankers to volunteer their time to educate high school students."*

**Invite Community Leaders to Wasatch Front Super Savers Seminar**

*"Do you know any community leaders that would like to help people learn how to pay off \$5,700 in debt and add \$2,700 to savings in just three months? That was the average results reported back from participants that attended Zions Bank supported Financial Peace University classes early this year. More than 1,000 people participated and we anticipate similar interest when classes start again in September.*

*"Employees are encouraged to invite community leaders such as business owners and church leaders to upcoming Super Savers meetings in Ogden, Salt Lake, Orem and Payson. We are sending out invitations to these meetings over the next couple of weeks. You are also welcome to personally invite people to these meetings."*

**Summary**

At the core of any successful promotion is making a personal connection with the potential buyer. For that reason, word-of-mouth, especially from a credible individual, is at once the most effective method for capturing an individual consumer's acceptance; while also the least widely rendered. The power of the personal promotion, is, alas, inversely proportional to its coverage.

## Note:

1. J.A. Konrath is the author of "Whiskey Sour" (nominated for the coveted Anthony and Macavity Awards) and "Bloody Mary," the Lt. Jack Daniels thrillers.
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## References:

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