

MARKETING PROMOTION IN THE CONSUMER GOODS' RETAIL DISTRIBUTION PROCESS

Simona BĂLĂŞESCU¹

Abstract: *The fundamental characteristic of contemporary marketing is the total opening towards three major directions: consumer needs, organization needs and society's needs. The continuous expansion of marketing has been accompanied by a process of differentiation and specialization. Differentiation has led to the so called "specific marketing". In this paper, we aim to explain that in the retail companies, the concept of sales marketing can be distinguished as an independent marketing specialization. The main objectives for this paper are: the definition and delimitation of consumer goods' sales marketing in the retail business and the sectoral approach of the marketing concept and its specific techniques for the retail activities.*

Key words: *distribution, retail sales, trade marketing, marketing mix, consumer goods' sales marketing.*

1. Introduction

Contemporary realities show that a functional economy is a market economy where marketing has deeply penetrated both as the philosophy guiding the organizations' activities, whatever their nature, as well as a practical action, reflected in significant results, often really spectacular [4, p.17].

Marketing is today, regardless of the type of activities or the characteristics of the organizations, an entrepreneurial way of thinking [1]. If initially the marketing thinking and action occurred in business activities related to commodity production, then marketing has penetrated all other economic areas (consumer durables, investments goods and services etc.) and then extended to those activities which do not aim to obtain profit (e.g. fields such as

social-political, cultural, sports ones etc.). Marketing extension was made at internal level, gradually penetrating all areas of human activity, and internationally, in developed or less developed countries, in any type of economy, so far that today marketing has become universal [4, p.52].

The continuous expansion of marketing has been accompanied by a process of differentiation and specialization. Differentiation has led to the so called "specific marketing". This specialization has assumed a connection to the specific features of the field, of the belief and the initially existing research instrumentation and then their adaptation to the area specificity.

As we mentioned above, we consider that in the trade area, for the retail companies sales marketing can be

¹ Dept. of Marketing, Tourism and International Relations, *Transilvania* University of Braşov.

distinguished as an independent marketing specialization. Through sale we consider not only the transfer of the individual consumption goods (and services) to the final consumer, but also the retailers' image and the producers' image, too.

This paper brings into discussion a conceptual interface: retail sales marketing versus trade marketing.

2. The level of knowledge regarding marketing promotion in the distribution process

In modern economies, trade has the main role of adjusting market mechanisms. It organizes the harmonization process between supply and demand and ensures the manifestation of harmonization into the selling-buying acts, involving a numerous and complex mass of economic agents [8]. Under the concept of society sustainable development, trade becomes a strategically important area for the balanced and sustainable development of economic and social systems in any country [10].

The present paper focuses on the consumer goods distribution. From some expert point of view [9] the conceptual definition of distribution must be made from two perspectives: the overall economy and the business perspective.

From the economy perspective, the distribution concept includes all activities which allow the transfer of material and immaterial goods from a manufacturer to the users or the final consumers.

From the company's perspective, the distribution process includes special marketing activities related to the property transfer. A proper distribution conceptualization is based on existing interconditionality relationships between the four components of the marketing mix. This concept of marketing mix is a central element of marketing policies and strategies, integrating all the techniques,

methods and means by which the company has to operate on the market.

Further, we will analyse the connection between marketing and consumer goods distribution from the company perspective. The appearance and development of the marketing concept is rooted in the consumer goods field and especially of commodity goods [1]. After that, the marketing concept has penetrated in all activity fields.

As with any other field, the idea of marketing vision specific to the product sales area inevitably requires some marketing boundaries. Based on theoretical fundamentals there are some elements that advocate the creation of the new concept. So, we consider Philip Kotler's vision that the essence of marketing is the exchange of values between two parties, and so it can be analysed in terms of how transactions are created, encouraged, facilitated and turned into account [3]. Such an approach should result in an expansion of the marketing term, an enlargement that can be translated by creating new concepts, either in branch structures - consumer goods marketing, industrial marketing, social marketing, services marketing, tourism marketing etc. - whether into the approach levels - macromarketing and micromarketing etc. In terms of evolution, there are periodization attempts for the marketing conceptualization systems, starting from the so-called marketing "discovery", located in the first decade of the last century, passing through "conceptualization", "integration", "development", "reevaluation" and "reconceptualization", a period which largely retains its character nowadays [7].

Even the approach itself - marketing philosophy - is the result of a process marked by successive developments. From this view, the transition from "traditional" marketing to "modern" marketing is a

process which evolved from the production orientation to the sales orientation and then to the consumer orientation, the market orientation. To these developments there are added societal marketing orientation, which refers to the general interests of society and companies' human and social responsibility [4].

From the foreign literature which approaches the issue of the marketing concept applied in the consumer goods distribution or inside the trade companies, we mention as references: Jallais, J., Orsoni, J., Fady, A., „Le marketing dans le commerce de détail“ (1994); Chetochine, G., „Marketing strategique de la distribution“ (1992); Chinardet, C., „Le trade marketing“ (1994); Dune, P. M., Berman, B., Evans, J., „Retail Management. A Strategic Approach“ (2007); Zentes, J., Morschett D. and Schramm-Klein H., „Strategic Retail Management“ (2007).

In the Romanian literature, the distribution marketing concept was initially approached by D. Patriche (1994). He brought the most relevant arguments for the marketing distribution approach as an independent marketing specialization [6]. Extremely important is the specification made by the author, that distribution marketing cannot be conceived only as marketing for each link involved in the complex distribution process. From this point of view, we aim to develop the marketing concept in the retail business focused on the coordinates of individual consumer goods sales.

3. Specific policies and strategies for retail sales marketing

Within distribution marketing, as well as in other fields, the axis of marketing policy consists of strategy. This strategy has a dual role: a general orientation of the trade company's activity and the achievement of the objectives for each stage according to their

ability to adapt to the market dynamics activity. Therefore, the strategy will comprise two components: the market analysis on which the trade firm aims to act and the composition of the marketing mix:

- In terms of market knowledge – the marketing thinking, using all the concepts, methods and specific techniques offers the traders the opportunity to determine the market's areas on which they may act according to the objectives, scope and their chances.
- Regarding the marketing mix - inside some programs which aimed at the achievement of the market objectives, the specific features are better defined, emphasizing the distribution marketing concept more significantly.

Speaking of the marketing mix, we will consider each variable as follows:

The product policy assumes that the combination of all the goods and trade services included in the offer create a well-defined product policy which sets what the company should provide to consumers. This approach considers, on the one hand, that a distributor has links with several manufacturers, which makes the offer differ materially from the assortment supplied by each provider. On the other hand, the retailer faces a very different audience from one area to another, resulting in the offer being marketed more or less broadly, more or less deeply, depending on the area and customers.

These two aspects lead to the need for creating an assortment policy for each situation, a policy worthy to meet the specific needs of the population and business objectives related to profit. In the same context of the specific policy product, distributors must define the mode of action in terms of trade services.

The pricing policy for distribution companies has a complex structure. The strategies' heterogeneity is given by the wide range of prices that can operate in the market (price strategies fixed according to demand,

pricing strategies resulting from their correlation with the commercial lifecycle of the product, competition-oriented strategies etc.). Due to the specific problems faced by trade firms, the conceptualization of pricing policy in the distribution marketing need to be considered: the merchants' objectives (sales, profit, return on investments etc.), the chosen strategy (winning a market, consumer loyalty, overcoming competition etc.) market regulations.

The *distribution policy* enhances a complex system of relationships that provide support to the sector. The space between producers and consumers is an action field for many intermediaries who ensure the transfer of goods, information and property titles. Wholesalers and retailers purchase goods and resell it. Agents like brokers, representatives, commercial attachés explore the customers and contracts on producers' behalf. Logistics supports as transport companies, warehousing companies and banks facilitate distribution operations without taking part in trade negotiations. Given this diversity, the distribution policy should outline the specific relationships systems that give the content of economic circuits or distribution channels, to continuously explore and establish effective systems for handling goods, transport, storage, presentation, sale and logistics support processes.

The *communication policy* in the distribution marketing also presents a specific element because it must be structured in two directions: one related to communications strategy and one that would consider merchandising. For the first direction, the strategy is aimed at two objectives. The first aims to ensure the point of sales image in a wider scope. The second refers to immediate priorities seeking notably an immediate and substantial increase of the buyers' flow.

The first objective can be achieved through institutional advertising, public relations, stores' personality growth and the growth of delivering capacity to consumers.

The achievement of the second objective requires the use of fast advertising systems, point of sale advertising, persuasive action of sales, promotional animations (demonstration and presentation actions, fashion shows etc.). Merchandising belongs strictly to the distribution area. It is the part of distribution marketing which encompasses product presentation techniques at the point of sale. It uses everything that can be more attractive, such as conditioning and presentation, fractionation, packaging, exhibition and display of goods in a particular type of sales space.

Based on both conceptual approaches - consumer goods distribution and marketing distribution - we can analyse a new concept: *marketing of consumer goods sales in the retail company*.

Based on what has been written in this area, the following theoretical explanations are required:

- a) if the consumer goods distribution is approached as a complex process that takes place between the producer and the final consumer, then each distribution sequence that occurs between participants in a distribution channel is called "sale";
- b) there are specific sales processes between producers and intermediaries and between intermediaries and final consumers. In this context, our investigation will consider, in particular, the specific sales process that takes place between the retail intermediary and the final consumer. We believe that this specific sales process can be approached also from the marketing perspective as a business philosophy and as a type of extremely complex activity, because it considers the link between retailer and final consumer goods.

In practice, most retailers do not act on a genuine marketing thinking, but use more or less some specific marketing tools to achieve objectives not related to the marketing essence.

In analysing the issues that shape and limit the particularities of sales marketing in the retail business, we will have to take into account the general aspects that define trade marketing because the retail company is obviously a trade company. Trade companies are those organizations that purchase from other market participants goods which they do not usually produce or process (trade products) to deliver to third parties (Müller-Hagedorn, 2003).

The Marketing Explanatory Dictionary [2] states that trade marketing can be interpreted differently:

- a) in a narrow sense, marketing refers to activities supporting the purchase and sale through market research, advertising and boost sales.
- b) from practice-oriented tradition, marketing means all the activities used by a company to set up relations with current and prospective clients. It is about planning all the sales tools that are available for a trade firm in order to influence customer behaviour.
- c) from a competition – oriented perspective, it is taken into account the competition policy, which constitutes a basic element of a marketing policy.

Specific for all the above mentioned variants is the focus on those issues that arise in trade business interaction with its customers.

In the Marketing Explanatory Dictionary [2], trade marketing is defined as the analysis, planning, implementation and control of those measures used by companies to develop business relationships with their current and potential customer; the satisfaction must result in a more efficient way than is done by the other bidders, including suppliers and manufacturers.

Based on these conceptual clarifications, in this paper we intend to approach in a more comprehensive and unified way the extremely complex problem of goods sales to final consumers by retail businesses. We believe that at the level of this distribution chain link everything that defines the general marketing concept - both strategically and operationally - is reflected in specific forms and has different

features, so the concept of *sales marketing for retail business* can be stated.

The concept of sales marketing in the retail business is linked to two levels: strategic marketing and operational marketing.

The strategic trade marketing concept is endorsed today by an important number of trade companies, particularly large ones. For example, the option for a certain type of unit is a part of strategic decisions of trade marketing. But also small and medium enterprises can set market segmentation policies, positioning policies or they are able to adopt a series of long-term strategies aimed at achieving a strategic advantage in the competitive market.

The operational marketing component in the retail business is primarily related to instruments which are specific to the sales policy. The specific tools are those measures that a company can develop inside its marketing policy and which can be influenced by consumer behaviour.

So, K. Barth considers four instruments: assortment policy, pricing policy, influencing policy and special offers policy [5].

L. Berekoven lists ten instruments: assortment policy, trade marketing policy, quality policy and quality assurance, service policy, pricing policy, advertising policy, sales promotion policy, the policy of sale spaces and goods presentation, sales force policy and territorial politics.

Müller-Hagedorn brings into question other elements: assortment planning, staff planning, advertising, territorial planning, prices and conditions, and sale space organization, too.

In our opinion, the specific instruments for sales policy in the retail business from the view of marketing orientation has a much more complex character and is customized related to the tools used at the other distribution system links.

So, we consider that, from the strategic marketing perspective, but also from the operational marketing perspective, the specific tools that can also influence the sales process of the retail business may be: the retailer store image, its environment, the store location and all trade techniques found in merchandising.

4. Conclusions

Our analysis and scientific research highlighted the need to approach the distribution marketing as a stand-alone marketing specialization. We have established that distribution marketing can not be conceived only as marketing for each link involved in the complex distribution process. So, some conceptual clarifications have been made:

- since the consumer goods distribution is the process that takes place between the producer and the final consumer, the sale has been approached as being each distribution sequence that occurs between the participants in a marketing channel;
- there are specific sales processes between producers and intermediaries and between intermediaries and final consumers. So, our investigation took into account the specific sales process that takes place between the retail and the final consumer.

Starting from this point of view, the concept of marketing in the retail business has been developed, focused on individual consumer sales coordinates. In this sense, an analysis has been conducted on the marketing strategies applied by retail traders, as well as a specific approach of the marketing mix.

Finally, we can state that retail distribution marketing for consumer goods is a philosophy of business activity focused on consumer sales coordinates, imposing an organization mode and management designed to provide satisfaction to a higher level for the consumer or end-user requirements, complying with the general interests of society.

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