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Below the Line Promotional Activities at Naturals New Delhi

Teaching Notes

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It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The case was compiled from primary sources and generalized experience. The authors may have disguised some of the names/events and other information to protect confidentiality and maintain professional ethics.

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TEACHING NOTES

Below the Line Promotional Activities at Naturals New Delhi

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Name and address of organization case studied: - Naturals Beauty Salon India Pvt. Limited.

With an exceptional homogenization of beauty ideals throughout the world, the unorganized market of beauty emerged as an industry. Entrepreneurs combined the enthusiasm for this industry with the aptitude to comprehend the societal values and creative inclinations of their era. As this industry is vulnerable to sudden swing in fashion and fads which disturbs the incumbent's situations while providing opportunities for new entrants, a well adaptive and pioneering marketing mix is the need of hour.

What is ATL, BTL & TTL PROMOTION?

The marketing mix is a combination of various ways used in marketing which is initiated with the intentions to get the desirable response (mostly in terms of increased sales or improved brand equity) from the targeted market and is defined as an integrated communication of the offerings of the company to the targeted market. It traditionally includes product, price, place and promotion. It plays key role creating awareness about product and services and in long run increasing brand equity and customer loyalty. Promotion and packaging are continuous positioning of a product. Apart from the target communications from the company the word of mouth messages, spread through friends and colleagues when they share their experiences about an event that had provided them enough satisfaction are also instrumental for positioning a particular product or service in the minds of the customers. In recent literature promotional activities are broadly classified in the form of ATL (Above the Line marketing), BTL (Below the Line marketing) and TTL (Through the Line marketing). For improved understanding one must be clear in defining what constitutes the metaphoric 'Line'. The terms 'Above The Line' and 'Below The Line' came into existence way back in 1954 with the company PROCTOR & GAMBLE paying their advertising agencies a different rate, separately from the agencies who took on the other promotional activities. The activities carried out through mass media, such as television, radio and newspaper, are classed as above the line promotion. The terms "below the line" promotion or communications, refers to forms of non-media communication, even non-media advertising. Below the line promotions are becoming increasingly important within the communications mix of many companies, not only those involved in FMCG products, but also for industrial goods. BTL activities are the initiatives of direct marketing efforts which create relationships between consumers and marketers, and provide value added benefits.

In other words advertising except from four major media's of advertising (press, television, radio and cinema) is called below the line advertising. It includes Direct mail, sponsorships, Point of Sales, Road shows, One to One meetings, Telephonic conversation, Billboards, Sign boards, Campaigns, Discount offers etc. There exists enough literary evidence that suggest that promotion activity in the marketing backdrop has primarily moved from ATL (with focus on a much wider population using emotion based appeals) to a BTL approach that gives more emphasis on targeted and integrated customer focused communication leading to tangible and measurable results and firm ROI. The three significant qualities that differentiate today's new and unconventional promotional tools from the top to down promotional communication of previous years are Perception, Interaction and Measurability. Here perception means the extent to which a customer feels that he/she is an active part in the marketing communication than being a captive audience and target of a forceful direct sales or branding attempt. Interaction is the extent to which consumers are empowered to give their response to a marketing effort through a chosen channel that is both suitable and reachable for them. Measurability is the extent to which marketers determine the end result of a particular scheme or idea and verify proportionate ROI and revise and design future programs to provide for an improved and desired probability of success.

Above the line or ATL activities are designed and tailor-made in such a way that the message could reach to the masses, help in create a brand identity or strengthen the emotional appeal regarding a product, or service or brand. ATL promotions are difficult to measure in terms of their return on investment. On the contrary below the line or BTL promotions are oriented and targeted towards individual customers and are tailor made as per their personalized needs and preferences. This makes them highly measurable and easy to reckon. BTL activities provide a one to one interaction and understanding of the consumer demands and hence provide a clear picture of which initiative of the marketers is liked and is yielding results and which is not. Both the activities have very vast scope which intensifies competition. TTL is the amalgamation of both the approaches.

The case follows the following series of deliberations;

1. Identification of Promotion related problems in the selected salons.
2. Analysis of current promotion strategy of the company while studying its past BTL activities, Market research and competition analysis.
3. Putting forward the new and unconventional BTL activities adopted,

The Keys Reasons for the Success of Naturals

The two reasons behind the success of Naturals are considered to be as, ***Customer Care and Franchise Model.***

Their approach towards caring their customers can be understood by the fact that they built up a personal rapport with them. There are documented evidences which show that during their initial days, Veena Kumarvel, the cofounder used to be personally on the floor daily from 10am to 8 pm. There was a situation when they were unable to pay the shop rent on

time, then also their primary concern was not about making money, but to see that their customers stepped out happy.

Initially, the founders of Naturals were reluctant to take the franchise route, but later on they decided to adopt it considering it to be a model for growth. They were apprehensive whether the franchisees would have the same kind of commitment that they had, which is a very common concern for anyone going to adopt a franchisee model. But by choosing the right people, mostly women and first generation entrepreneurs, and making it a win-win situation for both parties, they have made it a success. At one time they thought Chennai could take 5 or 6 salons only. Today there are 120 plus salons in Chennai itself.

Naturals, today, adopts all three promotional activities, i.e. Above the Line (ATL) and Below the Line (BTL). This approach is termed as Through the Line (TTL) promotions. There are several advantages and disadvantages of all three approaches.

With the increasing pressure on the marketing team to achieve communication objectives more efficiently in a limited budget, there has been a need to find out more effective and cost efficient ways to communicate with the target markets. This has led to a shift from the regular media based advertising. In other words, below-the-line sales promotion is an immediate or delayed incentive to purchase, expressed in cash or in kind, and having only a short term or temporary duration. As this approach involves convincing customers about the better aspects of your brand compared with others, trained and enthusiastic sales personnel are required.

Above the line is much more effective when the target group is very large and difficult to define. But if the target group is limited and specific, it is always advisable to use BTL promotions for efficiency and cost-effectiveness.

Say, for example, if a pen manufacturer is going to promote its product, it may take the ATL route, but if a company manufactures computer UPS, it will certainly take the BTL route, as the target group is very limited and specific.

More recently, in the past 5 to 6 years, agencies and clients have switched to an "Integrated Communication Approach", or "through the line" approach. The purpose is to integrate a marketer's efforts and optimize returns from these separate investments.

This switch in the TTL approach has shifted its emphasis more towards BTL, to optimize the return on marketing budget spent by focusing one's energy on winning smaller yet more crucial BTL battles than ATL wars with well-funded competition. A few examples are: bus stand hoardings, pamphlets, small informational sheets along with the newspaper, etc

Questions for discussion:

1. How can merging ATL and BTL activities for promoting the brand as well as the services offered by Naturals, could be utilized to the fullest, to create a unique brand identity.
2. Suggest different approach suitable for New Delhi region?

3. Suggest ways that can address the lack of co-ordination and incentive issues.

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