

Push or Pull Strategy?

One of the initial decisions that firms need to make is whether their promotional strategy should have a 'push' or a 'pull' emphasis (or indeed a mix of both). Below is a brief discussion between some business managers negotiating the merits of each approach.

Using the information contained within the discussion, decide whether the type of firms listed at the end of the discussion should adopt a 'push' a 'pull' or a balanced/mixed promotional emphasis.

The Manager's Discussion

Adam:

In my experience at life insurance companies, you clearly need a push emphasis. The way it works is that the insurance agent (who works for themselves, not for the insurance company) uses referral-selling techniques to identify potential new customers and sells them a life insurance policy.

It is the agent who decides which product is best for the customer - therefore, it is the agent who actually makes the purchase decision. That's why our firm only uses 'push' strategies.

All our promotional funds are allocated to promoting the benefits of our products to the insurance agents. If we can convince them our products are good, then we will get good sales. It would be a complete waste of money and time to promote our products/brands to the end-consumer (that is, a pull strategy).

Eve:

But if your firm did promote to consumers and built their brand over time, then in the sales meeting with the insurance agent, the customer would directly ask for your company's products.

Adam:

That actually wouldn't matter. Even if the customer did ask for our company's products, the insurance agent would simply say something like, *"It's part of my job to find the best insurance product for you, and company X's range of features and value for money is clearly superior in the marketplace"*.

Naturally, virtually all consumers will simply agree with the insurance agent. That's why any pull promotional strategies are a complete waste of money in the life insurance industry. Therefore, all our promotional funds go towards things like agent's commissions, selling materials, conferences and seminars, selling competition prizes (such as free holidays) and, of course, hospitality.

David:

In our small business, we only use push strategies as well. About two years ago, me and my partner started a business designing and manufacturing men's ties. We've now got a great range of ties. The difficulty was generating sales. You see, usually a tie purchase is an afterthought. That is, the customer buys a new shirt and/or business suit and then decides to get a tie to match. And they simply choose from the tie range available in the store.

They never ask for a tie by brand. So the key to sales success for us is to simply get into a men's fashion store (push strategy) - trying to spend money on building customer demand (pull strategy) for our brand would simply be a waste.

Therefore, we allocate our small promotional budget towards: better deals for the men's fashion stores (especially for large purchases), attractive display/racking systems that can go straight into the stores, some in-store posters and occasionally, a sales prize for the most ties sold in a month.

Mary:

Well, my experience is quite different. I've worked for a number of large manufacturers where the key to success is clearly using pull strategies. Once you build a strong brand through advertising and other promotions, then you create a loyal customer base that will actually come in and ask for your firm's products by name.

Once that starts to happen, the profits will really start to increase quickly. Suddenly you've got retailers contacting you (rather than the other way around) and you no longer have to do special deals to get into their stores, you can charge premium prices.

That's why I'm a big fan of most forms of advertising, sales promotions, publicity and, when appropriate, direct marketing.

Peter:

My background is with white-goods (like refrigerators) and electronic products (like digital cameras and televisions). We've found that we really need a mix of both to make it work properly. It's important to have a fairly strong brand because when consumers are spending \$1,000 plus, they want the reassurance of a brand that they recognize.

Plus, we need to make sure that we have good store position, that our products are well displayed, that sales/product information is easily available, and the store salesperson (who usually has a significant degree of influence) is being adequately rewarded for promoting and selling our products.

Student Discussion Questions

1. What are some of the tactics/tools that are suitable for a PUSH focused promotional campaign?
2. What are some of the tactics/tools that are suitable for a PULL focused promotional campaign?
3. Is a PULL, PUSH, or BALANCED promotional emphasis more suitable for:
 - A manufacturer of basic furniture
 - A cosmetics firm
 - A firm making running shoes
 - A new brand of ice-cream
 - A new range of expensive shirts
 - A new range of toys