PART - IV : LESSIONS :
LIMITATIONS AND FUTURE
DIRECTIONS
CHAPTER - 11

THE FINAL DISTILLATE
(An Attempt to highlight the Important Findings)

11.1 INTRODUCTION

The primary objectives of the study were contextual conceptual and comparative. The scope was confined to the managerial issues related to NPCE and its management. These were:
(a) Expenditure levels and what factors affect the expenditure levels.
(b) Budgeting Practices.
(c) Relative Importance and 'role effectiveness' of NPCE elements.
(d) Opinions and beliefs.
(e) Problems being faced by the Indian marketers.

So far, each area has been dealt with separately. For a better grasp, perhaps there is a need to perform a bit of 'cherry picking' from each chapter to conceptualize and synthesize the major findings.

11.2 THE EXPENDITURE LEVELS

An important purpose of the thesis was to provide the empirical data of the Indian scenario with respect to the marketing communications costs. Considerable efforts and rigour went in for mapping the Indian scenario. The essence of it, which would be found useful for both the researchers and practitioners, is shown in the Tables 11.1 and 11.2.
Table 11.1: The Expenditure levels as Percent to Sales for the Indian Firms

<table>
<thead>
<tr>
<th>Total Marketing Communication Expenses (TME)</th>
<th>Personal Selling Expenses (PSE)</th>
<th>Non-Personal Communication Expenses (NPCE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>o The average expenses may be around 5.12% of their sales (For U.S. they are 8.9%)</td>
<td>o The average expenses may be around 3.72% of their sales (For U.S. they are 5.9%)</td>
<td>o The average expenses may be around 1.4% of their sales (For U.S. they are 1.79%)</td>
</tr>
<tr>
<td>o Nearly half of the firms may spend around 4.1% of their sales</td>
<td>o Nearly half of the firms may spend around 2% of their sales</td>
<td>o Nearly half of the firms may spend around 0.8% of their sales</td>
</tr>
<tr>
<td>o The lowest level of the expenses may be around 0.03% and highest may be around 21%</td>
<td>o The lowest level of the expenses may be around 0.14% and highest may be around 14%</td>
<td>o The lowest level of the expenses may be around 0.01% and highest may be around 5.6%</td>
</tr>
</tbody>
</table>

Table 11.2: The Expenditure levels as Percent to Marketing

<table>
<thead>
<tr>
<th>Personal Selling Expenses (PSE)</th>
<th>Non-Personal Communication Expenses (NPCE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>o The average spending of the Indian firms may be around 69%</td>
<td>o The average spending of the Indian firms may be around 22%</td>
</tr>
<tr>
<td>o Nearly half may spend around 70%</td>
<td>o Nearly half may spend around 18%</td>
</tr>
<tr>
<td>o The lowest level may be around 85% and highest may be around 98%</td>
<td>o The lowest level may be around 2% and highest may be around 65%</td>
</tr>
</tbody>
</table>
11.2.1 Based on Tables 11.1 and 11.2, the following points seem to emerge:

(a) The personal selling expenses are nearly 2.7 times that of NPCE.

(b) PSE is a dominant element of marketing communications.

(c) The marketing costs are high for developed (high cost) economies.

(d) In view of low share, NPCE and their effective management may receive lower priority as compared to the management of PSE. Conversely, if PSE can be reduced through a better management of NPCE, then more attention and concern is likely to be seen to manage the NPCE rupees better. For this reason authors like Dodge (1970), Morrill (1970) Ogilvy (1985) are advocating increased spending on NPCE to reduce overall spending on marketing.

(e) Wide disparities exist between the lower and upper levels of spending, suggesting caution on the use of generalised observations related to expenditure levels.
11.3 WHAT FACTORS AFFECT THE EXPENDITURE LEVEL

Substantial analytic effort was put in to identify the 'effects' of 12 independent variables on the marketing communication expenditure levels. The details are available in Chapter 4. The major findings are highlighted here:

11.3.1 Total Marketing Communication Expenses

Figures 11.1 and 11.2 provide a graphic view of the relationship, i.e., effects of two independent variables 'sales' and 'market base' (number of potential customers). Only these two were found to be statistically significant.

![Figure 11.1: TME/S vs Sales](image1)

![Figure 11.2: TME/S vs Market Base](image2)

Figures 11.1 and 11.2 indicate:

(a) The total marketing communication expenses to sales (TME/Sales) may be higher for the smaller firms and lower for the larger firms (Figure 11.1).

(b) The Total Marketing Communication Expenses to Sales may vary due to the size of potential markets, i.e., number of customers anticipated in future. Thus, TME/Sales will be high for situations of larger market bases in the future (Figure 11.2).
11.3.2 The Personal Selling Expenses

(a) PSE/Sales may vary due to the size of the buying centre.

Thus, PSE/Sales may be higher for the large buying centres.

Figure 11.3 provides the graphic view.

(b) PSE/TME may be less for larger firms. Figure 11.4 provides the graphic view.

(c) PSE/TME may be less for companies marketing more of new products, conversely PSE/TME may be more for companies marketing a larger number of matured products. Figure 11.5 illustrates the possible relationships.

Figure 11.3: PSE/S vs Buying Centre

Figure 11.4: PSE/TME vs Sales

Figure 11.5: PSE/TME vs Share of New Products
11.3.3 Non-Personal Communication Efforts (NPCE)

The analysis reveals:

(a) The NPCE/Marketing may be higher for larger companies and lower for the smaller companies (Figure 11.6).

(b) The NPCE/Marketing may be higher for firms with larger share of business from new products (Figure 11.7).

(c) The NPCE/Marketing may be higher for firms marketing products with larger buying centres (Figure 11.8).
(d) Also, NPCE/Sales may remain unaffected (as significance levels were higher than 0.1) due to any of the company product market factors. Thus, the NPCE expenditure levels are likely to be viewed more within the context of TME and less with respect to the total Sales.

11.3.4 The Lessons

The lessons and conceptualisations from the earlier analysis are simple. The marketing communication expenditure levels may, by and large, vary due to:

(a) Sales of a firm.
(b) Marketing base (the number of customers expected in future).
(c) Share of new products in the business.
(d) The size of the buying centre.

It also brings out that NPCE expenses should be viewed more in the context of the marketing expenses rather than the sales of the firm. This is a very important finding and a refined conceptualisation. It supports the view of Lilien and Little (1976) to view the NPCE expenses as a two step entity and not as a single entity. Thus the relationship may be:

\[
\frac{\text{NPCE}}{\text{Sales}} = \frac{TME \times \text{NPCE}}{\text{Sales} \times \text{TME}}
\]

Galper and Lilien (1982), while reviewing the literature had commented that the variables last year’s sales and ‘number of potential users’ are the primary influencers on total marketing
communication expenditure. This seems to be true for the Indian situation also. While commenting upon the utility of the findings and models, Galper and Lilien (1982) had commented:

"In spite of the value of these models, there are important statistical limitations. First, pooling of cross-sectional data for analysis assumes homogeneity of observation, that is, that all cases in the pooled data base have essentially the same kind of relationship between the dependent and independent variables. The second limitation has to do with the causality in all these studies is subject to question and we must be careful not to confuse correlation with causation in these instances."

The present study too suffers from this limitation. Thus, if the statistical analysis is ignored, the effects of all the independent variables (factors) on the expenditure levels may be as shown in Table 11.3. The Table provides useful guidelines and insights to managers while formulating their marketing budgets. Table 11.3 provides the directionality of change in proportion of TME between NPCE and PSE for the changes in any of the independent variables (company-product-market related factors). This is another useful contribution of this study for both researchers and practitioners. Researchers can attempt to validate the findings on a large base or on more homogeneous clusters. Practitioners can treat this as a handy reference for reviewing their marketing communication budgets.

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1 Galper (1982), op.cit.,p.26
Table 11.3: Effects on the Proportion of TME between NPCE and PSE

<table>
<thead>
<tr>
<th>Factors (Independent variables)</th>
<th>Proportion of Marketing Expenses may be:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For NPCE</td>
</tr>
<tr>
<td>I. Company Related</td>
<td></td>
</tr>
<tr>
<td>1. When sales increase</td>
<td>More**</td>
</tr>
<tr>
<td>2. Product mix changes</td>
<td></td>
</tr>
<tr>
<td>from single product</td>
<td></td>
</tr>
<tr>
<td>diversified productions</td>
<td>Same</td>
</tr>
<tr>
<td>3. Nature of Distribution</td>
<td></td>
</tr>
<tr>
<td>changes from direct to</td>
<td>Same</td>
</tr>
<tr>
<td>indirect</td>
<td></td>
</tr>
<tr>
<td>4. When the firm becomes</td>
<td>More</td>
</tr>
<tr>
<td>leader</td>
<td></td>
</tr>
<tr>
<td>II. Product Related</td>
<td></td>
</tr>
<tr>
<td>5. When the share of</td>
<td>Less</td>
</tr>
<tr>
<td>'Tailormade' products</td>
<td></td>
</tr>
<tr>
<td>increases in the business</td>
<td></td>
</tr>
<tr>
<td>6. When share of new</td>
<td>More**</td>
</tr>
<tr>
<td>products increases in the</td>
<td></td>
</tr>
<tr>
<td>business</td>
<td></td>
</tr>
<tr>
<td>7. When share of 'matured'</td>
<td>Less**</td>
</tr>
<tr>
<td>products is more in the</td>
<td></td>
</tr>
<tr>
<td>business</td>
<td></td>
</tr>
<tr>
<td>III. Market Related</td>
<td></td>
</tr>
<tr>
<td>8. When competitive intensity</td>
<td>High</td>
</tr>
<tr>
<td>increases</td>
<td></td>
</tr>
<tr>
<td>9. When the size of the</td>
<td>Less**</td>
</tr>
<tr>
<td>buying centre increases</td>
<td></td>
</tr>
<tr>
<td>10. When the number of</td>
<td>More</td>
</tr>
<tr>
<td>customers increases</td>
<td></td>
</tr>
<tr>
<td>(Future market base)</td>
<td></td>
</tr>
</tbody>
</table>

* Significant at 0.05 level  
** Significant at 0.1 level  
Based on ANOVA
11.4 WHAT FURTHER ON THE EXPENDITURE LEVELS?

Besides the 'aggregate' view on 'levels' and 'effects', the study also provides information on the NPCE elements. And there are important lessons from these as well. For easy comprehension, each element has been dealt with separately. The details include average expenditure levels, median values, range, 'effects' of independent variables and the 'role' effectiveness. The details, it is hoped, would provide good insights to managers and researchers.

11.4.1 Print Advertising

(a) The average expenses may be around 0.27 per cent of sales or 24 per cent of the total NPCE rupees.

(b) Nearly half the number may spend around 0.24 per cent of sales or 20.8 per cent of the total NPCE rupees.

(c) There would be very wide disparity in terms of spending levels. The lowest level may be 0.002 per cent of the sales or 0.7 per cent of NPCE rupees. The highest levels may be one per cent of sales or even 100 per cent of NPCE rupees.

(d) The expenditure level (Percent to the total rupees on NPCE) may be more for the leaders; for companies having larger share in sales from the new products and for products having large buying centres. It may be less for companies anticipating more market base. (This is contrary to the belief that print ads are more effective in large markets).

(e) In terms of importance, print advertising ranks fifth after direct mail, sales catalogues, seminars, and Trade shows, i.e., if facing 'constraints' and 'choice', print
advertising may get low preference from the managers. However, for creating awareness for the company and products, this may be the most effective media. It may also play a useful role at the post-purchase stage for the customers.

(f) The ‘effects’ i.e., relationship of print media expenditure levels vis-a-vis the independent variables, for which the ANOVA indicated levels of significance below 0.1, are shown in the Figures 11.9 through 11.12. The graphics can help managers to review their individual experiences with the findings of this study.

Figure 11.9: Print Ad/NPCE vs Leadership

Figure 11.10: Print Ad/NPCE vs Buying Centre

Figure 11.11: Print Ad/NPCE vs New Product

Figure 11.12: Print Ad/NPCE vs Market Base
11.4.2 Exhibits and Trade Shows

(a) The average spending of the Indian firms may be around 0.18% of sales or 11% of the total NPCE rupees.

(b) Nearly half the Indian companies may spend nearly 0.6 per cent of sales or 7 per cent of the total NPCE rupees.

(c) The expenditure level (as per cent the total NPCE rupees) may be different due to nature of firm's business (like chemicals, office equipment and so on). Large companies may spend more than small companies on trade shows. Figure 11.3 provides the graphic view of the relationship.

(d) Exhibits and Trade Shows may rank fourth in terms of importance. Thus, similar to print advertising, the preference may be low during situations of constraints and choice.

(e) Exhibits and Trade Shows may be effective for inquiry generation and product evaluation. However, there are more effective media for these two functions than trade shows and exhibits. In this sense, the decisions on trade shows are likely to receive very low priority and more often than not, they may appear as ad-hoc rather than reflective of integral part of the marketing communication efforts of a firm. These views corroborate with the views of Bonoma (1983) on trade shows.
11.4.3 **Seminars**
(a) The average expenses may be around 0.14 per cent of sales or 10.5 per cent of the total NPCE rupees.
(b) Nearly half the firms may spend around 0.04 per cent of sales or 5.56 per cent of the total NPCE rupees.
(c) The lowest level of expenses may be around 0.02 per cent of sales or 0.7 per cent of total NPCE rupees. The highest spender may spend around 2.5% of sales or even 100% of the total NPCE rupees.
(d) The expenses on seminars (as per cent to NPCE) may differ amongst firms due to the nature of their business. No other factor may affect the spending levels, implying near permanancy of 'seminars' in the communication mix of the industrial marketer.
(e) 'Seminars may be very effective for product evaluation. They may be effective even for order finalization.

11.4.4 **Sales Catalogues**
(a) The average expenses on catalogues may be around 0.12 per cent of sales or 11.5 per cent of the total NPCE rupees.
(b) Nearly fifty per cent of the firms may spend around 0.049 per cent of sales or 6.5 per cent of their NPCE rupees on catalogues.
(c) The lower level of expenses on catalogues may be around 0.01 per cent of sales or 3.5 per cent of NPCE rupees. The highest level may be around 0.4 per cent of sales or 44.3 per cent of the expenses on NPCE.
(d) The expenses on catalogues may not be affected by any of the product-market-company related factors. Thus, the expenses on catalogues may be considered as a must and essential.
Catalogues rank as number two in terms of importance, implying a permanent place in the communication mix of the marketers.

Catalogues may be most effective in 'providing information' and also help the buyer in 'product evaluation'.

11.4.5 Direct Mail

(a) The average expenses on 'mailers' may be around 0.08 per cent of sales or 10.5 per cent of the expenses on NPCE.

(b) Nearly fifty per cent firms may spend around 0.031 per cent of sales or 2.8 per cent of the NPCE rupees on 'direct mail'.

(c) The lowest level of expenses on direct mail may be around 0.01 per cent of sales or 0.4 per cent of NPCE rupees. And the upper level of the expenses may be 1.0 per cent of sales or 100% of the NPCE expenses.

(d) The expenses on 'direct mail', may vary due to the nature of a firm's business, sales turnover, and may be more for firms marketing 'tailormade' products. The graphic relationships are shown in the figures 11.14 and 11.15.

![Figure 11.14: Direct Mail/NPCE vs Sales](image)

![Figure 11.15: Direct Mail vs Tailor-made Products](image)
(e) Direct mailers rank first in terms of importance amongst all the elements of NPCE implying a permanent place.

(f) Direct mailers are considered as most effective, after print advertising, for creating awareness, and after personal selling in generating inquiries.

11.4.6 Public Relations and Publicity

(a) The average expenses of the Indian firms on public relations may be around 0.07 per cent of sales or 10.4 per cent of the expenses on NPCE.

(b) Nearly fifty per cent firms may spend around 0.04 per cent of sales or 8.72% of NPCE rupees on public relations.

(c) The lower level of expenses may be around 0.01 per cent of sales or 0.2 per cent of NPCE rupees. The upper level may be around 3.5 per cent of sales or 40% of the NPCE rupees.

(d) The expenses on public relations may be lower (as per cent to NPCE) for larger firms. No other factor may affect the expenses on public relations.

(e) Including 'promotional gifts' in public relations, the importance ranking may be lowest for promotional gifts.

(f) The 'promotional gifts' may help in 'generation of inquiries' and 'product evaluation'.

11.4.7 Literature, Deals, etc.

(a) On an average, the Indian firms may spend around 0.075 per cent of sales or 9.9 per cent of total NPCE rupees on such miscellaneous items like deals, literature, point-of-purchase (POP) material and so on.

(b) Nearly fifty per cent of the Indian firms may spend around 0.049 per cent of sales or 10.1% of NPCE rupees on deals, literature, POPs and so on.

(c) The expenses may be independent of any factors.
11.4.8 **Dealer and Distributor help**

(a) On an average, the Indian firms may spend around 0.065 per cent of sales or 10.5 per cent of NPCE rupees on activities aimed at supporting the channel members.

(b) Nearly fifty per cent may spend 0.037 per cent of sales or 8.3 per cent supporting the channel members.

(c) The lower level of expenses may be around 0.01 per cent of sales or 1.2 per cent of NPCE rupees. The upper level may be around 0.4 per cent of sales or 66.7 per cent of NPCE rupees.

11.5 **COMPARISON WITH THE U.S. STUDIES**

An important concern of the study was comparison with the situations of the other countries. The study provides the following:

(a) The firms in the U.S.A. spend nearly 1.6 to 2.1 times more than Indian firms on their marketing communication expenses.

(b) The U.S firms spend around 1.35 to 1.58 times more on NPCE as compared to the Indian firms.

(c) The U.S. firms spend 1.75 times more on personal selling as compared to the Indian firms.

(d) Except for the lower level of expenditure (as per cent to sales) the composition is almost identical between the spending patterns amongst the U.S. and Indian industrial marketers.
(e) The U.S. firms spend more as a per cent to sales on print advertising (2 times), exhibits and trade shows (2 times), Catalogues (1.6 times), Literature, deals, Point of Purchase literature (2.3 times), Direct mail (1.2 times), Dealer and Distribution help (1.6 times) and Public Relations (1.3 times).

(f) As a per cent of the total expenses on NPCE, the U.S. firms spend more on print advertising (1.5 times), exhibits and Trade Shows (1.5 times) and on sales catalogues (1.2 times). However, Indian firms seem to spend more on direct mail (1.3 times), dealer and distributor help (2 times), Public Relations (2.25 times).

(g) For the factors the 'effects' of which could be compared, the comparative picture is shown in Table 11.4.

Table 11.4: Comparative Picture of 'Effects'

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Marketing to Sales</th>
<th>NPCE to Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S. &amp; Europe</td>
<td>India</td>
</tr>
<tr>
<td>1. Sales Volume</td>
<td>+</td>
<td>(-)</td>
</tr>
<tr>
<td>2. Number of users</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>3. Larger made to order</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>4. Product life cycle</td>
<td>(-)</td>
<td>N.E.</td>
</tr>
<tr>
<td>5. Distribution</td>
<td>(+)</td>
<td>(+)</td>
</tr>
</tbody>
</table>

N.E. = No Effect
Table 11.4 shows similarity of effects except for the effect of sales on spending levels. Thus, where as in the case of U.S., and Europe, the expenses seem to increase, in case of India, they decrease with the increase in sales. These findings of the Indian study are similar to the LAP reports of McGraw Hill Research (1984).

(h) For the NPCE elements, there is a similarity of 'effects' for print advertising, direct mail and trade shows.

(i) The U.S. studies (ADVISOR) did not find any effect of nature of firm's business on the expenditure levels. However, the Indian study reveals that the nature of firm's business may affect the expenditure levels on direct mail, shows and sales promotion.

The observations and findings of the comparative analyses reveal a similarity in the practices and in the concepts. Thus, except for the lower level, which is true for any low cost economy like India, the findings support the often stated view that the concepts are context free.
11.6 **BUDGETING PRACTICES**

The study reveals the following:

(a) There is no difference between the budgeting practice profiles of the U.S. and Indian firms involved in industrial marketing. Similar to the U.S. situation (38%), the maximum number of Indian marketers (40.2%), also follow the objective and task approach to formulate budgets for the management of their NPCE.

(b) More number of large companies (in terms of sales) are likely to use 'objective and task' approach to formulate their budgets.

(c) The budgeting practices may not differ due to the nature of business a firm is in.

(d) More number of firms are likely to follow the 'objective and task' method, if their expenses on NPCE are more either in absolute rupee terms or as per centage to sales.

(e) The use of 'fixed per cent to sales' approach may decline with the increase in NPCE expenses as per centage to sales.

(f) A hybrid approach may ultimately appear to be a more useful approach for the industrial marketers. Thus, the per centage may increase further from the present 31% who are using more than one approach. This corroborates the views of Webster (1984), who seems to favour a hybrid approach over difficult or impractical simulation approach.
11.7 THE IMPORTANCE RANKING AND ROLE EFFECTIVENESS OF THE NPCE ELEMENTS

11.7.1 A legitimate managerial concern is the development of an effective communication mix. In view of resource constraints, availability of alternative choices and multiple objectives, this becomes difficult. Managers usually try to resolve this by picking up more important NPCE elements from the less important ones. Similarly, in order to aid customers in their decision making process, the managers may want to know as to which specific elements may be more suitable for a specific role. The study provides the following insights.

(a) The three most important elements, irrespective of the product or buying situations are: Direct Mail, Sales Catalogues and Seminars.

(b) The effectiveness of NPCE elements for different roles to aid the customer in his decision process is shown in Table 11.5.

<table>
<thead>
<tr>
<th>Role</th>
<th>Most Effective NPCE elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Awareness about Company</td>
<td>Print Advertising</td>
</tr>
<tr>
<td></td>
<td>Direct Mail</td>
</tr>
<tr>
<td>2. Awareness about product</td>
<td>Print Advertising</td>
</tr>
<tr>
<td></td>
<td>Direct Mail</td>
</tr>
<tr>
<td>3. Enquiry Generation</td>
<td>Print Advertising</td>
</tr>
<tr>
<td></td>
<td>Direct Mail</td>
</tr>
<tr>
<td>4. Providing Information</td>
<td>Sales Catalogues</td>
</tr>
<tr>
<td></td>
<td>Direct Mail</td>
</tr>
<tr>
<td>5. Product Evaluation</td>
<td>Seminar</td>
</tr>
<tr>
<td></td>
<td>Sales Catalogues</td>
</tr>
<tr>
<td>6. Order Finalization</td>
<td>Gifts</td>
</tr>
<tr>
<td></td>
<td>Seminars</td>
</tr>
<tr>
<td>7. Post Purchase</td>
<td>Print Advertising</td>
</tr>
<tr>
<td></td>
<td>Seminars</td>
</tr>
</tbody>
</table>
The analysis of importance and role effectiveness also brings out that:

(a) The relative importance, as perceived by the Indian marketers, would be similar for the three situations of 'new product' (new buying task), modified products (modified re-buying situations) and existing products (straight rebuying situations).

(b) The relative importance, as perceived by the Indian marketers, would be similar, irrespective of the product market and company related factors.

(c) The "Indian Situation" would be similar to the situation of the U.S.

(d) Each element of the NPCE would have a significant role to play at least in one or more phases of the customer decision process.

The above insights and observations may enable practitioners to review and compare their experiences. These may also motivate researchers to explore further into this area which seems to have become a dominant preoccupation of the researchers in the west. The bibliography contains several references reflective of the concerns related to the identification and measurement of important ranking and effectiveness of the elements of marketing communications mix including the various elements of NPCE.
What do the Indian managers feel and believe for NPCE? The study reveals the following:

(a) The dominant variable affecting the opinions and beliefs toward NPCE would be the sales turnover of a company. The variables having some limited influence may be:
   - Size of the buying centre
   - Nature of prospective or potential customers
   - Leadership status of the firm
   - Proportion of 'tailormade' or standard products
   - Nature of firm's business
   - Competitive intensity
   - Proportion of new products in the total sales.

(If we compare the 'effects' on expenditure levels, the response pattern on opinions and beliefs show a remarkable consistency. It may be recalled that the same independent variables seem to affect the expenditure levels).

(b) Large firms (in terms of sales) appear to be more concerned about the pay-offs from NPCE. Due to this, they are also more concerned about closer control and measurement of the effectiveness of the NPCE.

(c) Small firms appear to be more handicapped in the efficient and effective management of their NPCE.
11.9 PROBLEMS IN THE MANAGEMENT OF NPCE

What are some of the current problems of the Indian firms in an effective and efficient management of NPCE? The study brings out that the Indian manager seem to be facing problems, primarily belonging to any of the following areas.

(a) Measurement of effectiveness and feedback on performance of NPCE programme or efforts.
(b) Limited availability of specialised media.
(c) Efficient management of direct mail.
(d) Attitudes toward NPCE.
(e) Availability of specialized agencies.
(f) Effective and efficient implementation of NPCE programmes.

These problem areas could be the concerns for future research in the area of NPCE in the industrial marketing context.

11.10 SUMMING-UP

The primary purpose of this chapter was to synthesize and conceptualize the findings of the study to provide a big picture for a better comprehension. The concern was the user orientation. To this extent, it is hoped, the chapter has achieved its objectives.
CHAPTER - 12

THE STUDY : REFLECTIONS: LIMITATIONS AND SUGGESTIONS
FOR FUTURE RESEARCH

12.1 INTRODUCTION

This chapter attempts a 'retrospective' on what has been said and done in the earlier chapters. The purpose is to reflect and assess the thesis. Besides, the purpose is also to discuss some of the issues related to the research in the area of NPCE for the benefit of other researchers. Finally, some suggestions have been made for future research in the area of NPCE in the context of industrial marketing.

12.2 REFLECTIONS ON RESEARCH DESIGN : THE RESEARCH PHASE

The Scope: Its Evolution and Finalisation

While modifying my reading materials package for the elective course in Industrial Marketing Management some time around the early 1980s, I came across the articles on the ADVISOR (1976, 1979) project. The studies were related to marketing communications costs and the effects of several independent variables on costs in the area of industrial marketing. The pioneering effort of the ADVISOR project inspired me to undertake a similar study in the Indian context. Since then my interest in this area started spiralling. After reading several other articles and books, I started thinking of the nature and scope of the study. Several options were criss crossing my mind. At this point of time I developed several $2 \times 2$ matrices to resolve the issue of defining the boundary and scope. Thus, some of them looked as shown in Figures 12.1, 12.2 abd 12.3.
Similarly, another matrix developed by me was:

<table>
<thead>
<tr>
<th>One</th>
<th>Several</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPCE Elements</td>
<td>NPCE Elements</td>
</tr>
<tr>
<td>One in-depth</td>
<td>(Cell 1) In-depth</td>
</tr>
<tr>
<td>Several in-depth with moderate breadth</td>
<td>(Cell 2) In-depth with moderate breadth</td>
</tr>
<tr>
<td>(Cell 3) In-depth with moderate breadth</td>
<td>(Cell 4) Breadth with moderate depth</td>
</tr>
</tbody>
</table>

**Figure 12.1**: 2x2 Matrix for Research Scope: NPCE Elements and 'coverage'

Management Issues

<table>
<thead>
<tr>
<th>One</th>
<th>Several</th>
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<tbody>
<tr>
<td>NPCE Elements</td>
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<tr>
<td>(Cell 3) In-depth with moderate breadth</td>
<td>(Cell 4) Breadth with moderate depth</td>
</tr>
</tbody>
</table>

**Figure 12.2**: 2x2 Matrix for Research Scope: NPCE Elements and Management Issues

Geographical Location

<table>
<thead>
<tr>
<th>One</th>
<th>Several</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPCE Elements</td>
<td>NPCE Elements</td>
</tr>
<tr>
<td>One in-depth</td>
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</tr>
<tr>
<td>(Cell 3) In-depth with moderate breadth</td>
<td>(Cell 4) Breadth with moderate depth</td>
</tr>
</tbody>
</table>

**Figure 12.3**: 2x2 Matrix for Research Scope: NPCE Elements and Geographical Location
With the help of these 2x2 matrices, I started developing alternative statements to define the scope. Thus, some of these initial statements were:

(a) A study of the use of print advertising by the manufacturers of Hi-Tech equipment: An in-depth study.

(b) A study of the non-personal communication efforts of personal computers marketers.

(c) A cross-sectional study of the practices of the industrial marketers in the area of non-personal communications.

Though each statement was giving me some clues to define the scope and nature of the thesis, perhaps it was not gelling well with my own aspirations. I wanted to do a comparative study across products and across nations. I wanted the study to have a strong empirical flavour, i.e., factual data base. I wanted to cover several issues related to the management of NPCE in the context of industrial marketing. Besides factual data, I wanted to have reflections of conceptualisations based on good analytical rigour. Simultaneous achievement of these aspirations through a well defined scope became a major challenge.

Another round of reading of the published literature helped in some crystallisation of ideas in my mind. This process of crystallisation was facilitated a great deal by raising a counter question, as to what should not be included in the scope. A major achievement of raising this question was the exclusion of all the 'creative', 'operational' and process related aspects and concentration on only the 'managerial' aspects of NPCE. Having achieved this, I started concentrating on those areas where I had come across some articles which could offer me opportunities for comparative analysis. This led to the finalisation of the present scope as mentioned in Chapter 2.
Looking back, perhaps a narrower scope could have been equally exciting, challenging and productive. This could have provided homogeneity in the base which a researcher needs to make inferences and observation with higher degree of confidence. Thus, as an alternative, some future research could concentrate on one product or one industry only. But having stated this, it is my feeling that, resources permitting, a broader study may appear to be more satisfying.

12.3 **RESEARCH METHODOLOGY**

The research methodology for this thesis can be classified as conventional. Some important issues were:

(a) The mechanism for data collection
(b) The sample size
(c) The sample profile

Initially, I thought of following an informal but personalised approach of ‘depth interviews’ with the help of a check-list of relevant questions. But soon I realised that limited resources may prevent an all-India coverage. I also felt that depth interviews, and hence qualitative inputs, may prevent a proper comparative analysis as well as may lead to imbalances in terms of information from the respondents. According to me an ideal mechanism would have been a hybrid approach of personalised data collection through both depth interviews and structured questionnaires. But, in view of the resource constraints, ‘mailing’ was thought to be an economical alternative facilitating at least an attempt at all India coverage. This, therefore, limited the data collection option through a structured questionnaire. And, in order to maintain consistency, even where data was collected personally, only the structured questionnaire was used. But, as said earlier, resources permitting, a hybrid approach may provide deeper insights.
Sample size and sample profile are another important concerns in a research. As is well known, the response towards a mail survey is generally less encouraging and can be risky. Fortunately, at the aggregate level, a sample size of fifty compares well with other studies. But the profile, at least in terms of 'nature of business' and 'sales category', has not turned out to be well balanced. But as mentioned earlier, and as revealed through the analysis, the overall findings are similar and compare well with the international studies lending credibility, authenticity and representativeness to this study.

At one point of time, I thought of including the responses from the advertising agencies. But my attempts with a few advertising agencies in Calcutta proved futile and I had to abandon the idea. Interactions with them revealed that they were not equipped well to provide proper responses on behalf of their clients for the issues being covered in this thesis.

An equally ambitious aspect of this thesis was the analytical rigour around 16 independent variables (company-product-market-expenditure levels). Three levels, (percent to sales, percent to marketing, percent to NPCE), 8 elements of NPCE, 64 sub-categories, and comparison with several different studies, all demanded a very massive effort. Cohesive presentation and synthesis became a major challenge. I have finally tried to overcome this by developing conclusions, syntheses or summing-ups after every chapter. Besides these, Chapter 11 is my final attempt to map the big picture not only to facilitate my own comprehensions, but also to enable researchers and practitioners to have a cohesive feel of this study and its findings.
12.4 SOME WEAKNESSES AND LIMITATIONS

Some of the limitations/weaknesses, even though some of them were not part of the scope of the present study, are:

(a) It fails to provide limited insights into the 'interaction effects' within the NPCE elements. Thus, a legitimate concern of managers could be to know as to how effectiveness may vary by varying the proportion of efforts and money on the various elements of NPCE.

(b) Another limitation of this study is that it is devoid of sufficient insights regarding the process which managers follow to organise their non-personal communication efforts. Though budgeting practices have been discussed, the 'managerial process' has not.

(c) It is essentially a descriptive study trying to understand and provide the picture of Indian scenario and its comparison. It is neither a prescriptive study nor an attempt to develop some dynamic models to organise the NPCE.

(d) Its limited sample size. Thus, in spite of similarity in findings with the international studies, at the aggregate level, the sample sizes for some sub-categories, like in the case of 'nature of business', 'sales' and 'number of customers', was not evenly balanced. This imposes limitations on the quality and universality of generalisations. This would be true even for the data and analysis for the individual elements of NPCE.

(e) It has covered only the managerial issues and not the issues covering the 'operational', 'creative' or process aspects of NPCE.
variables. Thus, some other variables like 'competitors' expenditure levels on NPCE, product plans, level of sales concentration, product complexity, and the like could have been included if data were available.

The international comparison is limited to the studies done in U.S. and U.K. The availability of literature from other countries could have furnished a wider base for comparison.

12.5 SOME STRENGTHS

In spite of several limitations, it is my feeling that the study has some strengths too. I wish to share my assessment by first listing the specific strengths followed by an attempt to highlight its 'user' orientation. Some of the specific strengths as seen by me are:

(a) Its empirical nature.
(b) Its pioneering effort in the Indian context in industrial marketing.
(c) Its breadth in terms of the managerial issues covered in the area of NPCE.
(d) Its analytical rigour and in-depth analysis within the areas covered in the study. The analytical rigour did provide confidence in drawing the inferences. No other study has analysed the effects on three levels of the expenditure.
(e) Its comparative nature across nations (U.K. & U.S.) and across several other variables.
(f) Its attempts to conceptualise the effects on the expenditure levels for marketing communications costs as well as in the other areas.
(g) Its user orientation, i.e., attempts to provide the users (managers and researchers) with several ready reference tables and data for use and further validation. Thus, there are several suggestions in specific terms for future research. Similarly, in spite of the fact that this is essentially a descriptive study, practitioners can benefit a great deal by comparing and reviewing their company's spending levels, assumptions, and practices with the findings of this study in the managerial areas related to the management of NPCE in this study.

12.6 REFLECTIONS : POST RESEARCH PHASE

Reflecting back, I could visualise some of the factors and issues which seem to have had some bearing or influence on the study as a whole. I have included these mainly to highlight the problems a researcher may face while conducting research of a similar type. Perhaps familiarity may enable maturity and better appreciation.

12.6.1 The Problems due to Low Levels of Expenditure

The low level of expenses on the individual NPCE elements, as well as on NPCE as a whole, pose serious problems in terms of data collection. A large majority of the industrial marketers do not seem to maintain separate records of expenses in a manner which may facilitate easy information collection. Thus, information on all the elements may be clubbed together under some broad category. Further, due to low level or low dependence or use, many industrial marketers do not seem to have a clearly identified administrative responsibility assigned to one individual. This also may create problems in conducting research.
on NPCE and related matters. This implies substantial efforts and persuasion in data collection. This was experienced for this study also. The situation also leaves a researcher with an uneasy feeling about data/information accuracy. Fortunately, the findings of this study, at the aggregate level, have allayed these fears and anxiety. But this definitely restricts the sample size for such studies and may hide many finer points related to a specific product item.

12.6.2 The Importance of Personal Selling Effort

Low level of spending coupled with the dominance of personal selling, may also prevent a large number of marketers from either cooperating or being enthusiastic in research studies related to NPCE. They may not visualise any pay-offs from a research on NPCE and hence may be reluctant to participate. This too may restrict the sample size or require substantial efforts for data collection.

12.6.3 The Wide Dispersity in the Expenditure Levels

Similar to the U.S. situation, the present study revealed a very wide dispersity between the low, average and high spenders. This was true for total marketing expenses as well as for the NPCE elements. On the other hand, the statistical tests assume or demand certain homogeneity amongst the responses. Galper and Lilien (1982) had pointed out the limitations and validity of statistical tests. This implies caution on the observations made through generalisations. In fact, it is my feeling that even a large sample size cannot remedy this situation, especially those dealing with cross product and cross market studies. The
situational factors are far too many and may prevent any similarity amongst practices. But in spite of these limitations, the generalised studies and findings would always have a very useful role to play in providing benchmarks and directions for the specific research.

12.6.4 The 'determinants' or 'effects' on the Expenditure Level

In spite of substantial efforts of ADVISOR projects (1976, 1979 Farris and Buzze (1979) and the present study, several attempts may be needed for 'theorization'. Besides a large number of factors, it is equally important to recognise the dynamic and interactive nature of these factors. A static analysis may provide understanding but may remain inadequate to tackle the dynamic nature of the changes in the internal and external environments of a manager.

12.7 SUGGESTIONS FOR FUTURE RESEARCH

Several suggestions can be made for future research. Thus, some of these could be to examine in-depth only one managerial issue or even one element of NPCE. Another area could be to examine the impact of interactions amongst the elements simultaneously. Yet another area could be the attempts to develop models which users may be able to employ for their specific situations. During the course of this thesis, a conceptual model was developed. This is shown in Figure 12.4. This model is beyond the conventional decision process model suggested by several authors like Ray (1981), Webster (1970) and Kotler (1977). The purpose of developing this model was to help the researchers to map the scope of their research in the area of NPCE. The model is self-explanatory and it is hoped that it will
FIGURE 12.4: A CONCEPTUAL MODEL OF ANALYSING/FORMULATING THE COMMUNICATION EFFORTS
help the researchers to clarify their thoughts and maintain a sharper focus. As an illustration, some researchers may like to identify the internal environmental factors that affect the decision process. Some may like to identify the role of top management in management of NPCE. Others may like to enquire into whether 'sophistication' disparities among the skills are affecting the communication mix. In short, the future research areas could be endless. The need is to maintain a sharper focus and direction for specific research projects.

Besides the above, there are several specific suggestions in the individual chapters for future research. The researchers can, for instance, use the findings of chapters as hypotheses for subsequent validation. I, however, wish to sum up the research directions, with some discussions and observations with respect to achieving an integrated communication effort, a genuine desire of managers and a useful concern of the researchers and academicians.

12.7.1 The Integrated Approach for Communication Efforts

In spite of increasing interest, the area of 'non-personal' communications is still a dark area for the industrial marketers. Lack of integrated approach in communication has been highlighted by Turnbull (1974). One possible reason could be the low level of expenditure as indicated by several studies, including this thesis. Doubts have been raised about the competence of marketers to do a meaningful job in managing communication dollars. McAleer's (1974) study surfaced a complete mismatch
between the 'm motives' which influenced the industrial buyers and
the industrial advertisers. Turnbull (1974) had observed, "A
conceptual approach to an integrated marketing communication
systems is far from being understood let alone accepted in the
industry of study." And to quote Webster (1984), "the reality
of industrial marketing is that the amount of resources allocated
to marketing communication is not sufficient to support the
degree of management effort required to plan and coordinate the
communications activities at the required level". However, these
observations may not be universally applicable between the 'high'
and 'low' spenders even within the same industry. Similarly,
larger and growth oriented companies may show more concern to
improve their rupee spending on NPCE.

Ames and Hlavacek (1984) feel that effective media
advertising can be very useful in generating sales leads and
contributing to the success of new products or a product with
distinctly new features. But this may not be possible till
managers know how the total budget for advertising is
established, what cost benefit relationship may exist for
different types of communication plans and how actual results may
be measured against original objectives. According to them,
"what are often passed off as advertising and promotion plans in
far too many companies are actually only budgets established by
calculating some percentage of sales, matching competitive
expenditures or plusing last year's expenditure by some amount".

1 Turnbull (1974), op.cit.,p.16.
2 Webster (1984), op.cit.,p.249.
But failure to adopt or follow an integrated approach for marketing communication decisions and programmes is not only confined to industrial marketing situations alone. Turnbull’s study of mid-seventies coincides with Ray’s observations made around the same time. Thus, to have not discovered any ‘integrated effort’ for ferrous components should not be a surprise, as to quote Ray (1973), “marketing communication has developed more from consumer marketing than from industrial or social marketing applications. Now there is more extensive use in both areas, leading to changes in marketing communication decisions”.

Ray (1973, 1981) had observed that the major stumbling block in marketing communication is in implementation. He was hopeful that certain changes in the organisation are likely to lead to efficient marketing communications in the future. These changes were: ‘consolidation’, emergence of multiple product companies and divisions and appointment of marketing communication directors and organisation by product rather than functions. These, according to Ray were to increase the likelihood of efficient marketing communications.

It is, however, argued that the achievement of integration may remain ‘sub-optimum’ for a number of reasons other than ‘organisational arrangements’ as stated by Ray. Some of these could be due to factors like sleeper effect; market and situational dynamics, cross impact of other variables of

\[ Ray (1973), \text{op.cit.,p.38.} \]
marketing mix, the 'sophistication disparities' between various communication components, and customers conditioned response towards traditional media and communication components. Further, the research is silent on organisational competences, organisational beliefs and values towards promotion and promotional vehicles, top management values and whims especially towards communication plans/programmes. It is contended that serious obstacles to an integrated approach may be due to these 'softer' organisational variables rather than the variables of a functional nature, i.e., related to 'communication' efforts. Equally important is to recognise the tremendous efforts that may be needed to achieve integration both at 'functional' levels (brand management, distribution management, promotion management, price management, and so on), and between the various hierarchical levels within the organisation. Substantial amount of research, therefore, is needed to highlight the ways and means to achieve integration in the communication efforts. The question is, can one channelise the research attempts to help in an integrated management of NPCE? In spite of the fact that several studies have been conducted, the efforts appear to be disjointed. Perhaps case approach as an alternative research methodology may help in achieving deeper insights to implement an integrated approach.