

Chapter 21: The marketing mix: promotion

The role of promotion in the marketing mix

Promotion **informs** consumers about the rest of the marketing mix. Without it, consumers do not know about the product, the price, or the place. Promotion is more than just advertising, and it includes several activities. It is crucial when you are selling in a mass market or you have a brand name. Promotion includes:

- **Advertisements:** They can take different forms, e.g. on TV, in newspapers.
- **Promotion:** e.g. Money off coupons.
- **Personal selling:** Sending out sales representatives to talk directly to the consumers.
- **Public relations:** Involves making the public aware of the company, e.g. creating publicity in the media.

The aims of promotion

- To inform people about particular issues.
- To introduce new products to the market.
- To compete with competitors products.
- To improve the company/brand image.
- To increase sales.

Advertising

The advertising process

1. **Set objectives:** A business needs to determine the purpose of advertising.
2. **Decide the advertising budget:** Set a limit on how much the business can spend on advertising. It can be decided based on:
 1. A percentage of predicted sales revenue.
 2. How much competitors are spending.
 3. How much the business can afford.

3. **Create an advertising campaign:** Decide on what advertising campaign to run. Can be determined based on:

1. Target audience.
2. Objectives.

4. **Select the media:** Using the suitable media for advertising that is the **most cost effective**. E.g. TV, newspaper.

5. **Evaluate the effectiveness of the campaign:** Has the advertising met objectives?

Different types of advertising

- **Informative advertising:** Involves giving as much information about the product as possible. (e.g. computer)
- **Persuasive advertising:** Involves persuading consumers that they **need** the product and should buy it. (e.g. perfume)

Different media of advertising

Media	Advantages	Disadvantages	Examples
Television	Millions of people will see it. The product can be presented in a very attractive way. Easy to reach target audiences.	Expensive	Food Cars Household tools
Radio	Cheaper than TV. Uses song or tune which makes ads memorable.	Cannot use visual message. Expensive compared to others. The advert has to be remembered. Not as wide audience as TV	Local services Shops
Newspaper	Can reach many people. Cheap for local newspapers. A lot of info can be put into the ad. Adverts are permanent*.	Not eye-catching if they are in black and white. Does not grab reader's attention.	Local products Cars Banks

Magazines	<p>Can use specialist magazines to reach only target audience.</p> <p>Magazine ads are in colour and are more attractive.</p>	<p>They are only published once per month/week.</p> <p>More expensive than newspapers.</p>	<p>Perfume</p> <p>Golf equipment</p> <p>Fashion clothes</p>
Posters/billboards	<p>Permanent*</p> <p>Cheap</p> <p>Potentially seen by anyone who passes by them.</p>	<p>Can easily be missed.</p> <p>No detailed info can be included.</p>	<p>Events</p> <p>Products bought by a large section of the population</p>
Cinemas	<p>Visual image shows product in a positive way.</p> <p>Fairly cheap.</p> <p>Effective if target audience goes to see particular films.</p>	<p>Only seen by people who go to watch films.</p>	<p>Toys for a children's film.</p>
Leaflets	<p>Cheap</p> <p>Given to a wide range of people.</p> <p>Delivered to people's houses.</p> <p>May contain vouchers to encourage readers to keep the advert.</p> <p>Permanent*</p>	<p>May not be read.</p>	<p>Local events.</p> <p>Retail stores like Seven-Eleven</p>
Internet	<p>Can be seen by anybody around the world.</p> <p>Can store lots of info.</p> <p>Orders can instantly be made.</p>	<p>Internet searches may not highlight the website and it could be missed.</p> <p>Internet access is limited in some countries.</p> <p>Competition from other websites.</p> <p>Security issues may discourage people from buying online.</p>	<p>Virtual goods.</p> <p>Services such as banking or insurance.</p> <p>Virtually anything that is not too small.</p>
Others (delivery vehicles or sides of bags)	<p>Cheap</p>	<p>May not be seen by everyone.</p>	<p>Shops put their names on plastic bags.</p> <p>Coca cola use</p>

***Permanent:** adverts can be kept for future references.

Design of adverts

Businesses usually use the **AIDA** model:

- **Attention:** Informs consumers that the product exists.
- **Interest:** Consumers need to become interested in the product.
- **Desire:** Makes consumers want the product.
- **Action:** Prompts consumers into buying the product.

The AIDA model is most effective on products that are not used regularly. It is less effective on products that are bought on a daily basis because people will know how good the quality really is.

Promotion

Different types of promotion

Promotion is usually used to **support** advertising and to encourage new or existing customers to buy the product. Its main function is to **boost sales** in the **short-term**, but not in the long term. It is used to attract **new customers** so that they can **try** out items with the hope that they will like it and continue to buy it after the promotion has ended. Here are some ways in which promotion is used:

- **Price reductions:** Involves sales or price reduction coupons.
- **Gifts:** Gifts are placed in the packaging of the product to encourage consumers to buy it. (e.g. toys in McDonald's happy meal).
- **Competitions:** A card may be put in the packaging allowing the consumer to enter contests such as the lottery.
- **Point-of sale displays and demonstrations:** Can be put near the window and displayed attractively. It could also encourage people to buy it if they can see how it works (demonstrated by sales staff)
- **After sales service:** e.g. warranty services. It reassures the customers that if the product has a problem then they can go and fix it for free. This makes the product more attractive than others without warranty.
- **Free samples:** Encourages people to **try** the product. It can be included in other products as well. E.g. washing machine comes with free washing powder.

The advantages of promotion

- Can boost sales during the year when sales are traditionally low (encourage **off-season** purchases)
- Encourages people to **try** a product.
- Encourages people to buy a product or the product in **greater quantities**.
- Encourages people to buy a product instead of **competitors'** products.

Which type of promotion should be used?

When deciding on what type of promotion should be used, these points should be considered:

- **The stage of the product life cycle:** e.g. use informative advertisement in the introduction stage of the life cycle.
- **The nature of the product itself:** e.g. consumer goods use coupons but producer goods use discounts on bulk buying.
- **The advertising budget:** obviously the type of promotion depends on how much you can spend.
- **The cultural issues involved in international marketing:** businesses need to consider whether their type of advertising might offend the local people. They should also take into account things such as how many people own TV, literacy level, etc...
- **The nature of the target market:** Different markets require different media for advertising.

Personal selling

- Used when the **nature** of the product **varies**. e.g. housing
 - Price varies.
 - Quality varies.
 - Customer requirements vary.
- When customers need **advice** on what type of product is the most appropriate for their situation.
- When selling **expensive** products such as cars.
- When **negotiation** about price or products is needed. This is common for businesses that sell to other businesses. (e.g. discounts on bulk buying)

- When a business has a stand at a **trade fair**.

Public relations

- Good for improving the brand/company's **image**.
- These activities raise **public awareness** of the company.
- Includes:
 - Sponsoring events such as football matches.
 - Giving products to charity.
 - Employees take part in an activity for a good cause.

Customer service

It is far more expensive to attract customers than to keep old customers, so one key objective for any business is to retain their old ones. In the international business environment, there are many competitors, so businesses need to raise the **value** of their products with **customer service**.

Good customer service is not only producing a good product but also means:

- **Giving advice about the product:** It is always good to give as much information about a product as possible so that the customers can be sure that they have purchased the product that meets their requirements.
- **Delivering goods for customers:** It becomes convenient for the customer which encourages the customer to buy products from the business since they do not have to go anywhere.
- **Providing credit facilities:** This means letting customers pay later or in monthly installments. This makes products look cheaper and more affordable encouraging customers to buy them. Credit facilities are usually offered when people buy expensive products. You usually get interest as a result, but you could charge no interest for promotional purposes.
- **Providing product information:** This means giving information on how to use the product and offering help on customer service helplines.
- **After-sales service:** The aim is to show that you care about customers' **satisfaction**. Examples of after-sales service include:
 - Warranties.
 - Regular product checks.

- Giving refunds for faulty products.
- Exchanging unsatisfactory goods.