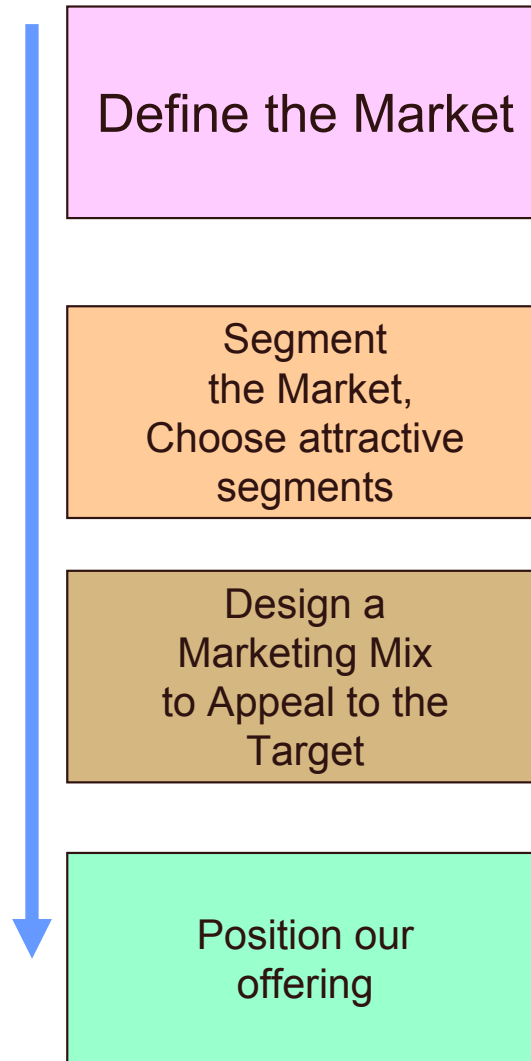


PROMOTION

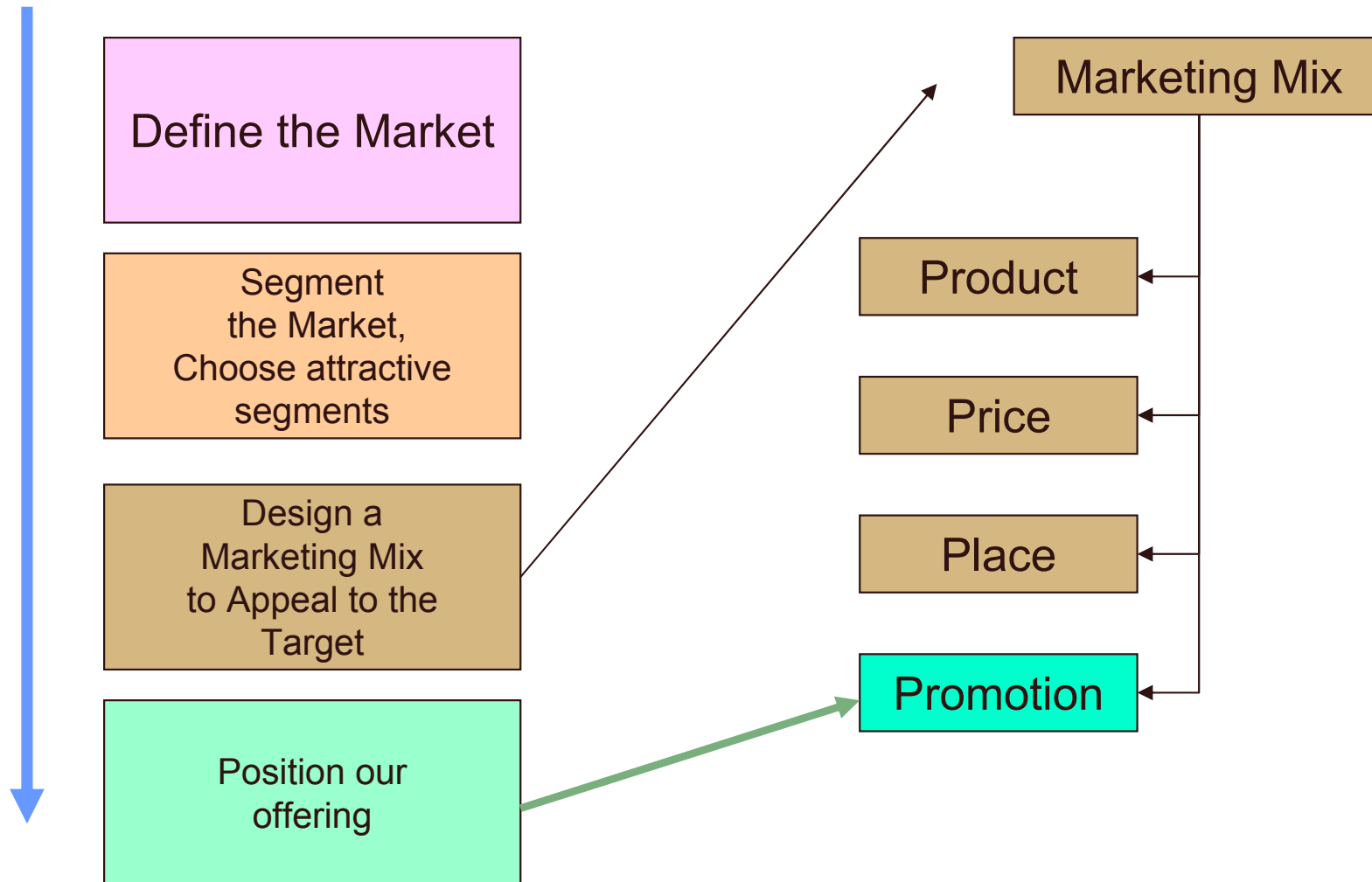
COMMUNICATION



4 Steps to Marketing Strategy



The Marketing Mix and PROMOTION



Promotion

Marketing Mix

Product

Price

Place

Promotion

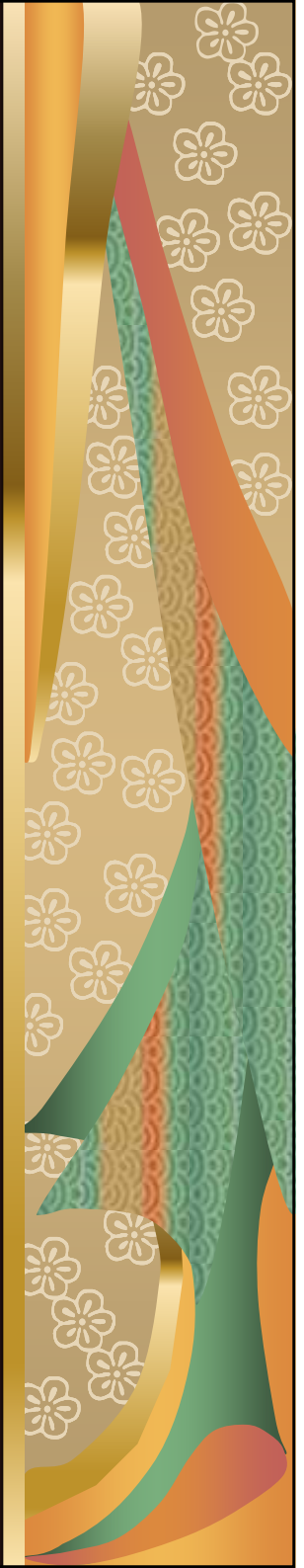
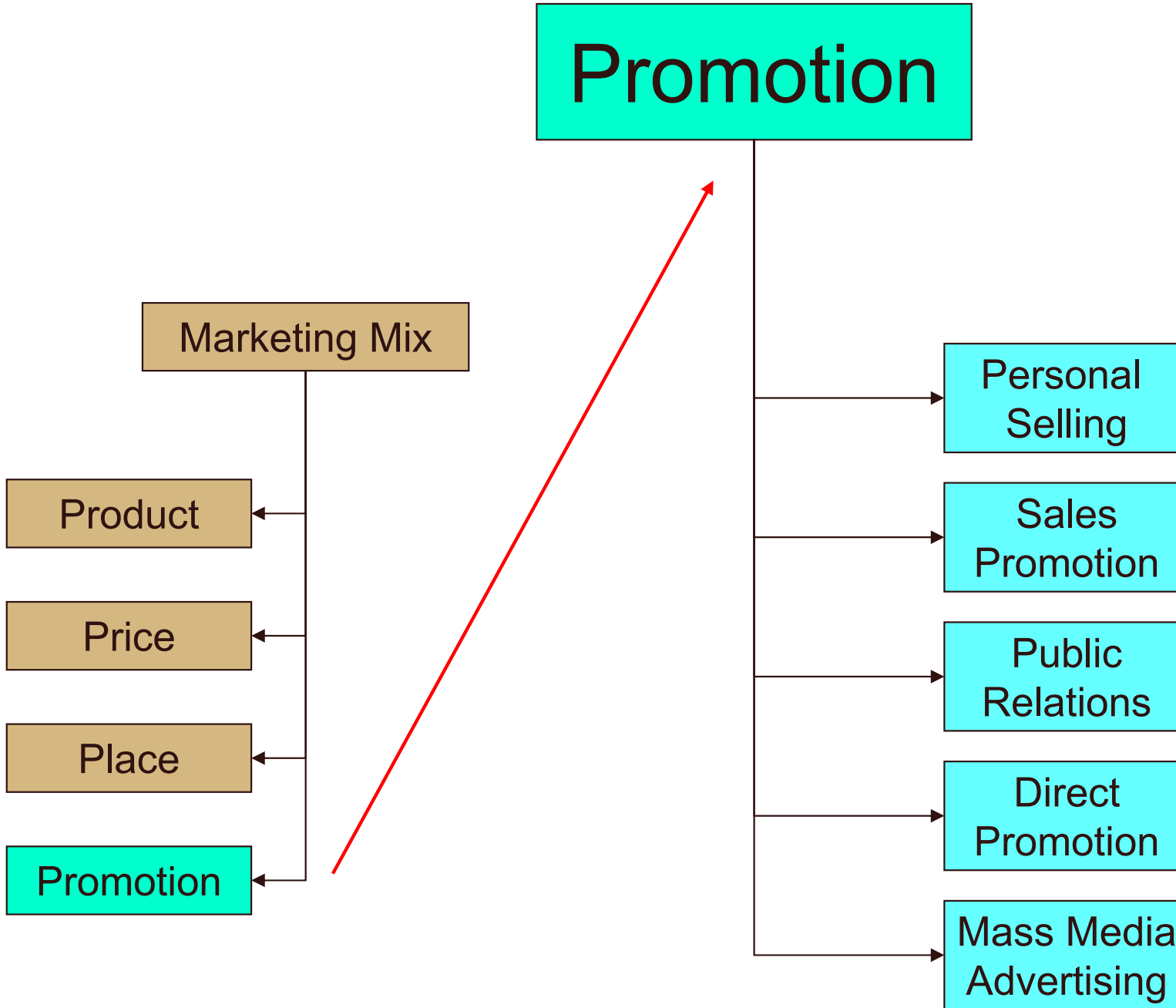
Personal
Selling

Sales
Promotion

Public
Relations

Direct
Promotion

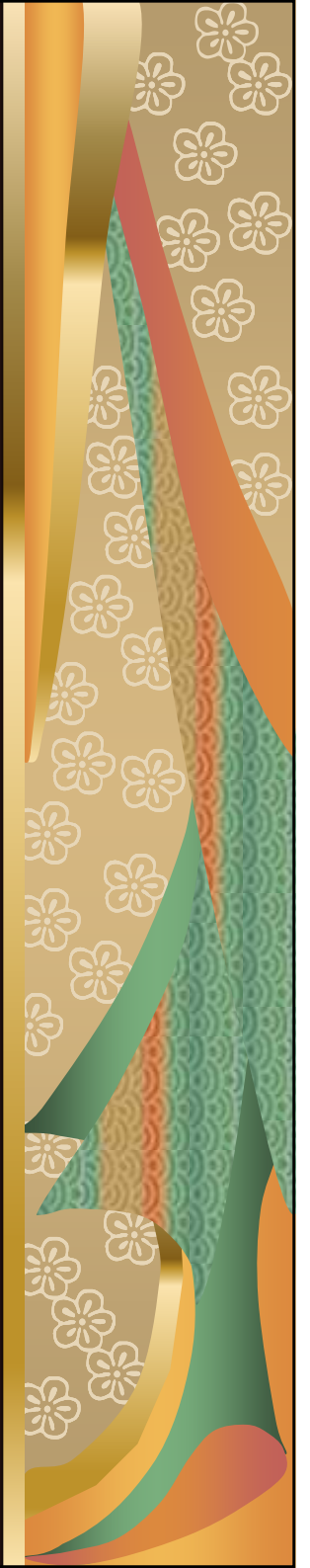
Mass Media
Advertising



The Role of Promotion

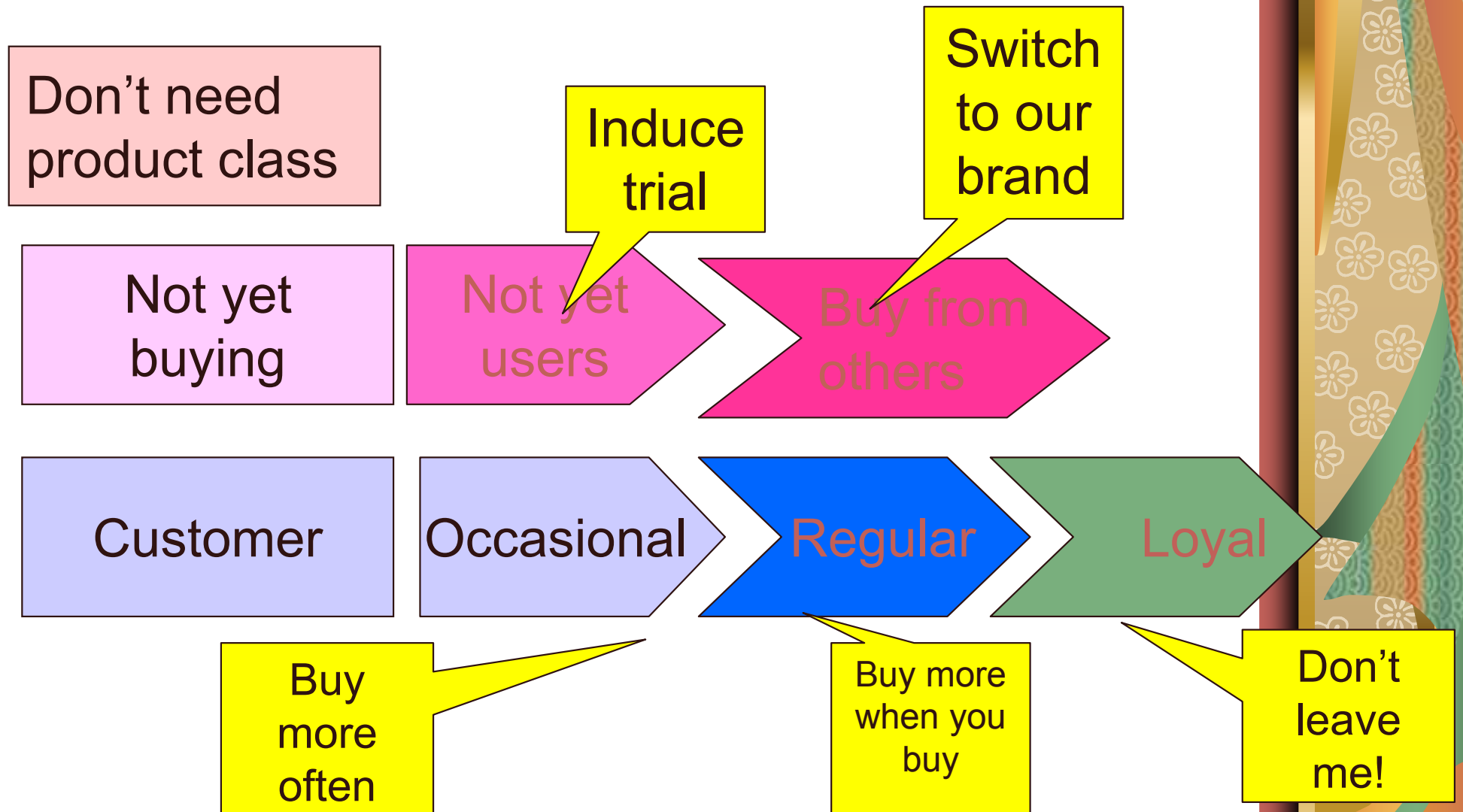
■ Promotion

- **Communication** to build and maintain **relationships** by informing and persuading one or more audiences
- Overall role of promotion is to **stimulate** demand by
 - building and enhancing customer relationships.
 - focusing customers on information about company activities and products.
 - promoting programs that help selected groups to build goodwill.
 - sponsoring special events that generate positive promotion of an organization and its brands.



Which tool and technique to use?

→ “What do we want to accomplish?”



Information Flows Are Important in Integrated Marketing Communications



Integrated Marketing Communications

■ Integrated Marketing Communications

- **Coordination** of promotion and other marketing efforts for maximum informational and persuasive effect
- Major goal is to send a **consistent message** to customers



Promotion

PRODUCT

COMPANY

PRICE

Integrated
Marketing
Communications
(IMC)

PLACEMENT

Personal
Selling

Sales
Promotion

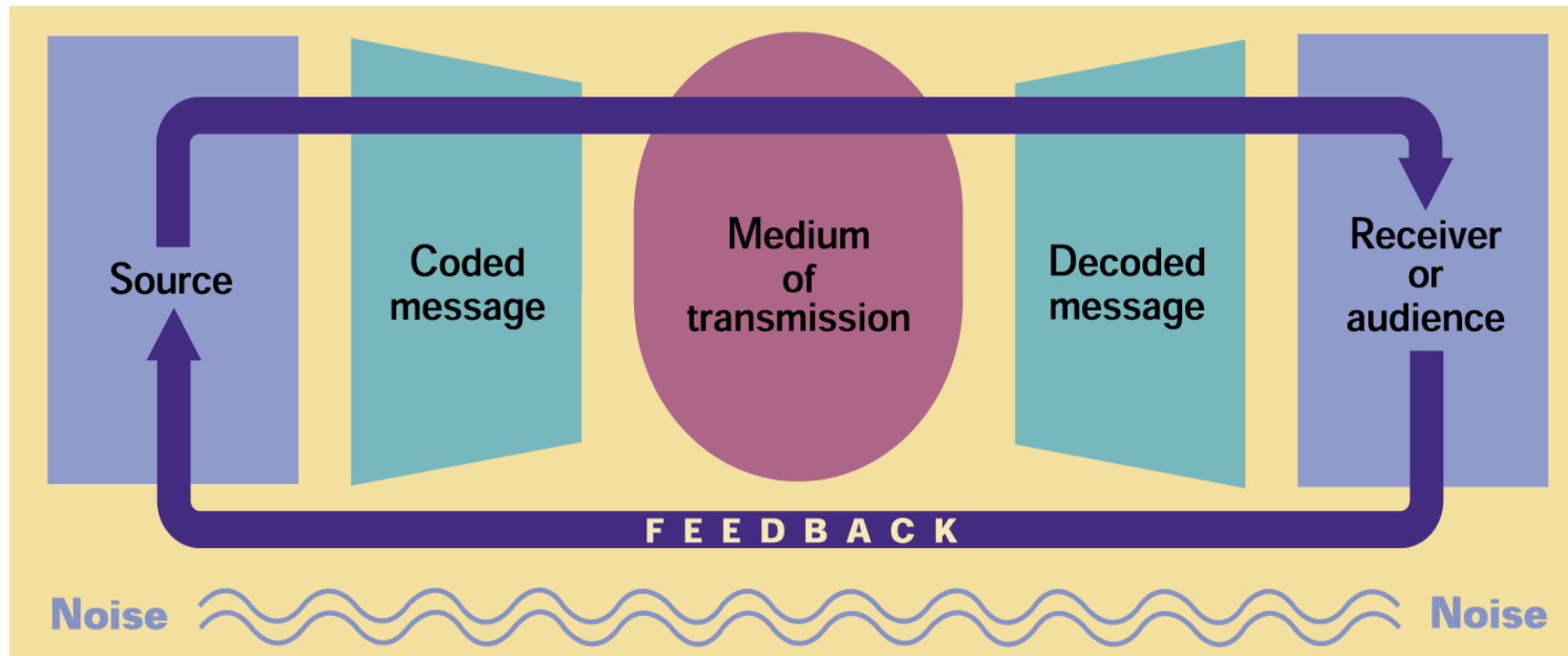
Public
Relations

Direct
Promotion

Mass Media
Advertising



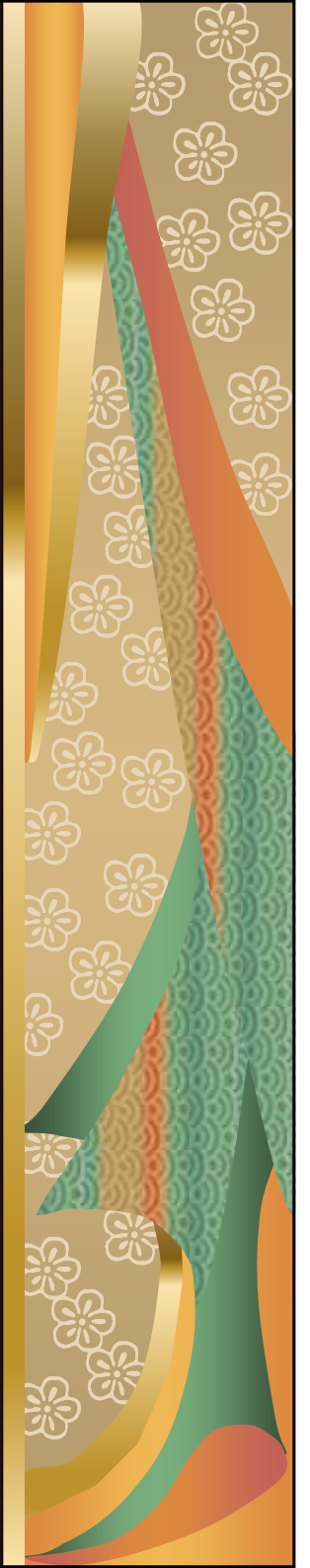
The Communication Process



Promotion and the Communication Process: Key Terms

■ Communication

- **A sharing of meaning; the transmission of information**
- **Source** is a person, group, or organization with a meaning it tries to share with an audience
- **Receiver** is an individual, group, or organization that decodes a coded message
- **Coding process (encoding)** is the converting meaning into a series of signs or symbols
- **Medium of transmission** is the the means of carrying the coded message from the source to the receiver



- **Decoding process** is the conversion of signs or symbols into concepts and ideas
- **Noise** is anything which reduces a communication's clarity and accuracy
- **Feedback** is the receiver's response to a message
- **Channel capacity** is the limit on the volume of information a communication channel can handle effectively



GOALS OF PROMOTION:

- Create awareness
- Stimulate demand
- Encourage product trial
- Identify prospects
- Retain loyal customers
- Facilitate reseller support
- Combat competitive promotional efforts
- Reduce sales fluctuations

Awareness ▶ **knowledge** ▶ **liking** ▶ **preference** ▶ **conviction** ▶ **purchase**




Push and Pull Channel Policies

Push Policy

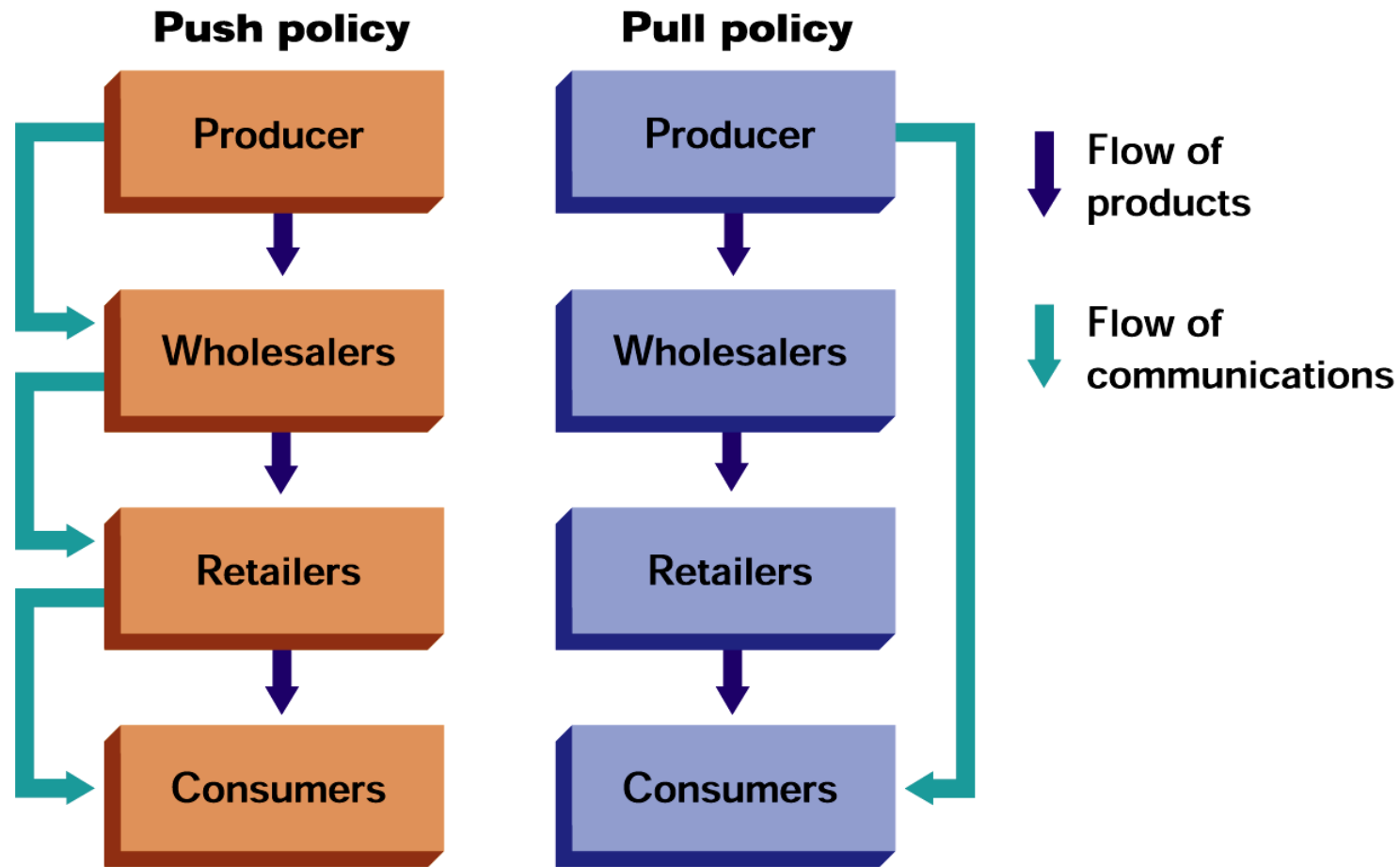
-  Promoting a product only to the next institution down the marketing channel

Pull Policy

-  Promoting a product directly to consumers to develop stronger consumer demand that pulls products through the marketing channel

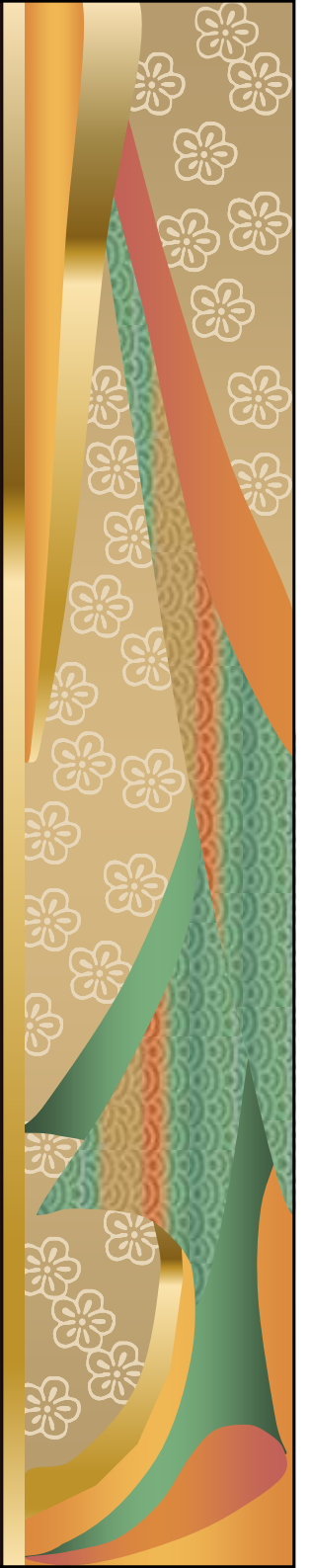


Comparison of Push and Pull Promotional Strategies

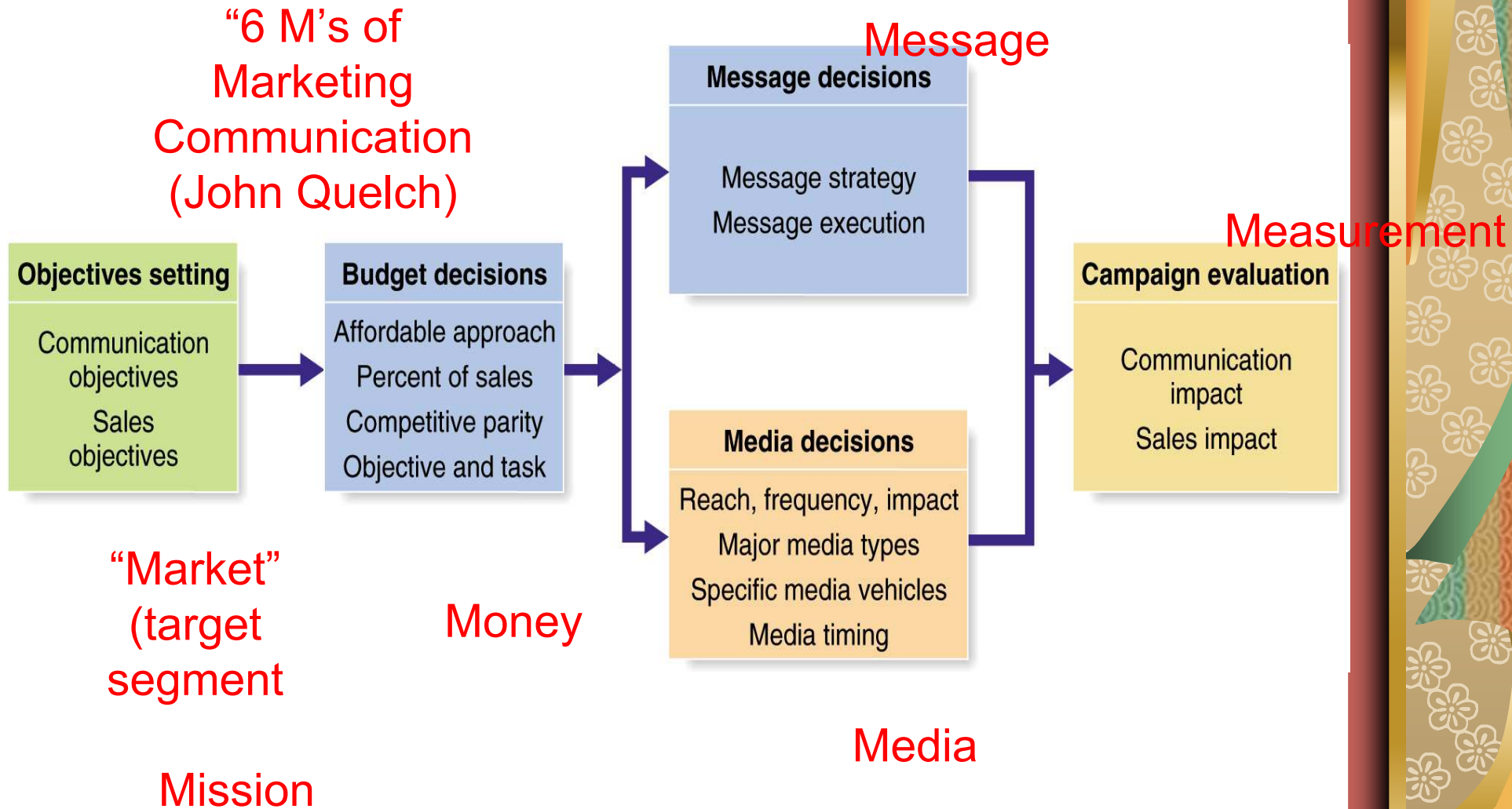


Advertising

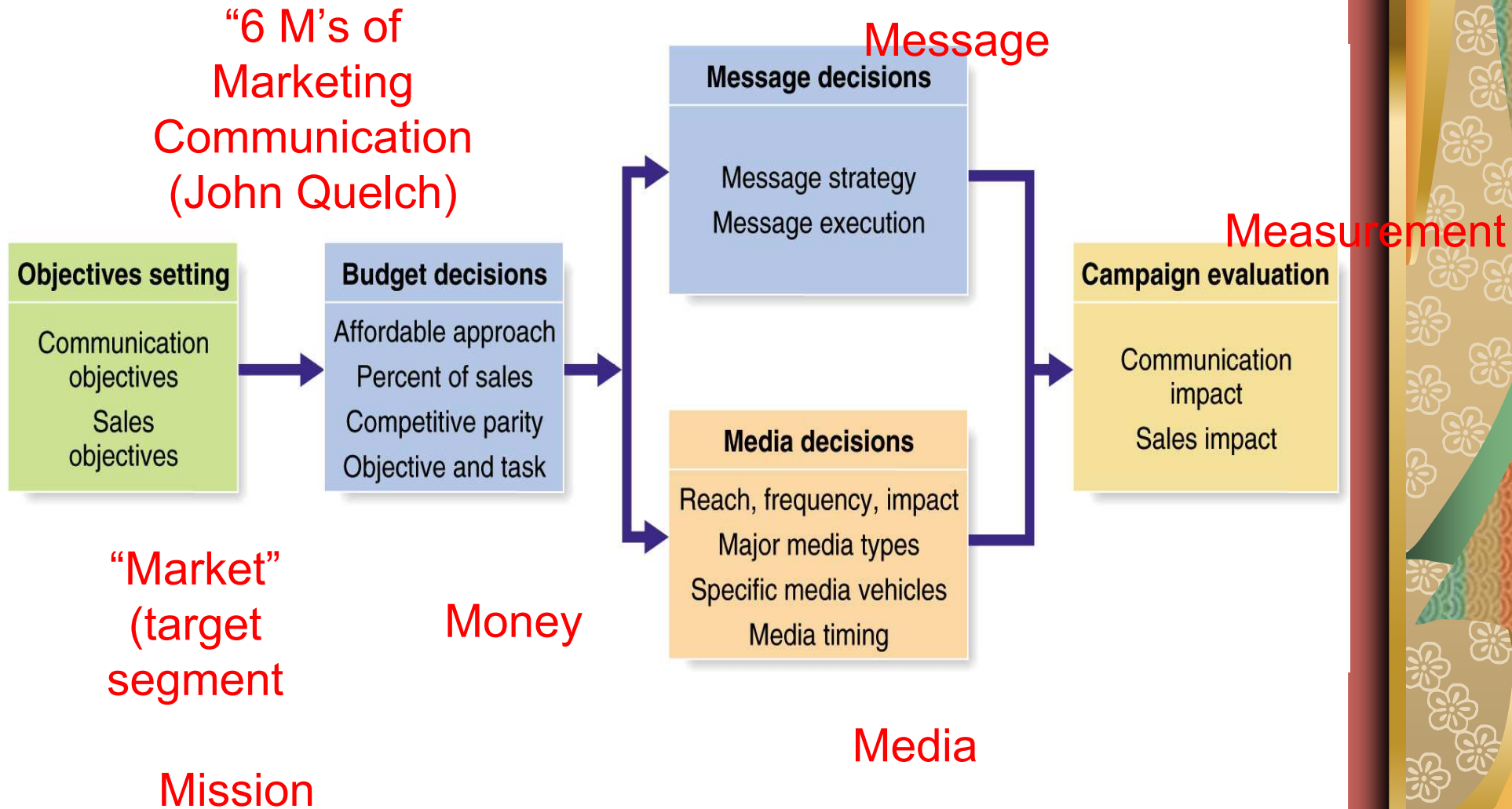
- A **paid nonpersonal** communication about an organization and its products transmitted to a target audience through mass media
- Benefits
 - Extremely cost efficient (cost per person) in reaching a large audience
 - Repeatable several times and in several media markets
 - Adds value to a product and enhances a firm's image



Major Decisions in Advertising



Major Decisions in Advertising



MEDIA:

 Newspapers

 Television

 Radio

 Magazines

 Outdoor

 Indoor

 internet



Personal Selling

It's effective . . . but expensive

A **paid personal** communication that seeks to inform customers and persuade them to purchase products in an exchange situation

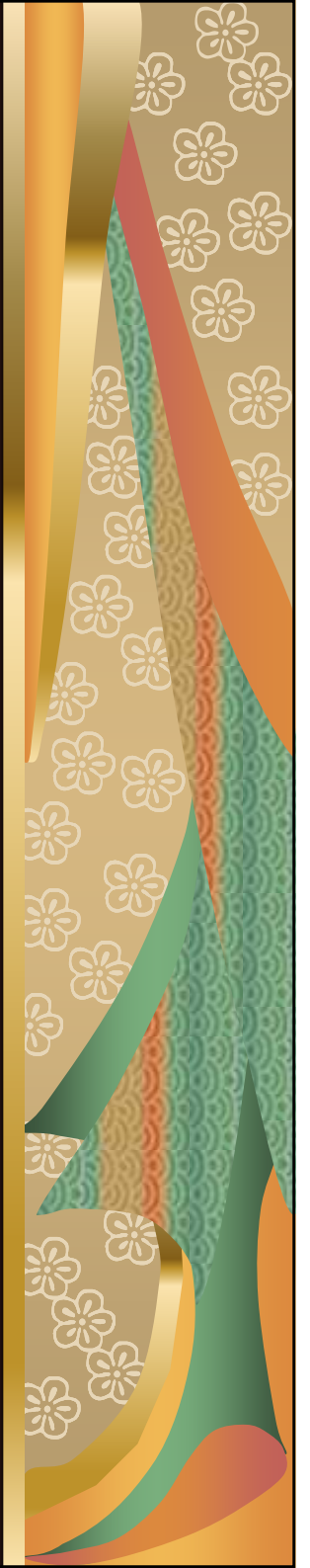
■ Advantages

- Is a more specific form of advertising
- Has greater impact on consumers
- Provides immediate feedback (kinesic, proxemic, and tactile communications)

■ Limitations

- Is an expensive form of advertising
- Is labor intensive and time consuming

■ **Relationship marketing is focused on *mutual* benefit and the long term**

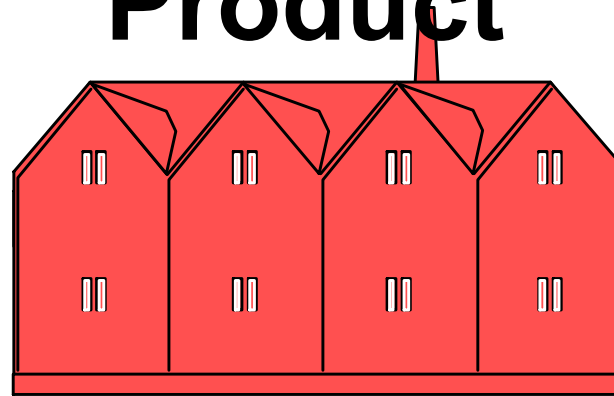


Possible Ways to Organize the Sales Force

Territorial



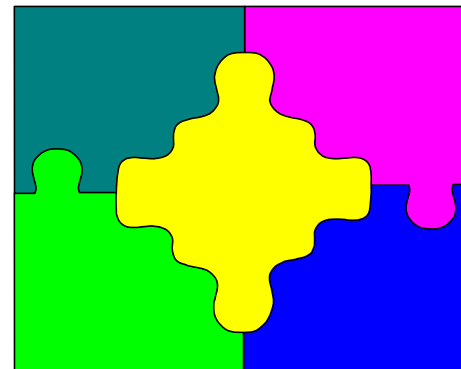
Product



Market



Complexity

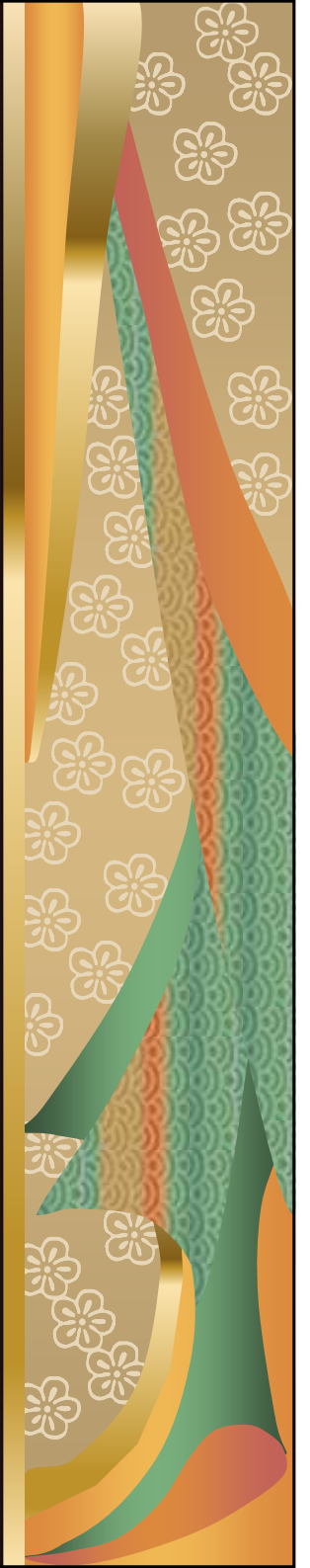


Motivating the Sales Force

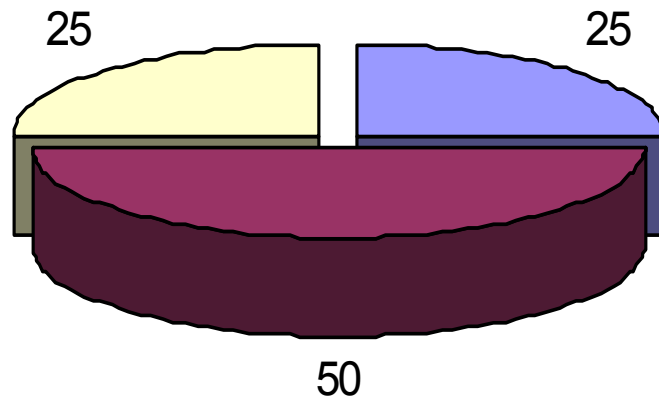
- Surprise! Money works, also promotion, accomplishment
- Recognition (Salesperson of the month) and liking don't work as well
- Most firms develop quotas
 - **Warning**, there are always unintended consequences
- Supplemental rewards (often travel) are typical

Sales Promotion

A “Necessary Evil” for Mature Products, and often useful to “induce trial” for new products



“Advertising” is a small part of promo expenditure



- Mass Media Advertising
- Sales Promo: Trade
- Sales Promo: Consumer



Sales Promotion, pro and con

- A “necessary evil” in product maturity
- May give customers a “reason to buy”
- It works: Discounts **do** drive sales
- Erodes current quarter profitability
- May erode reference price
- May accelerate purchases from future periods to now



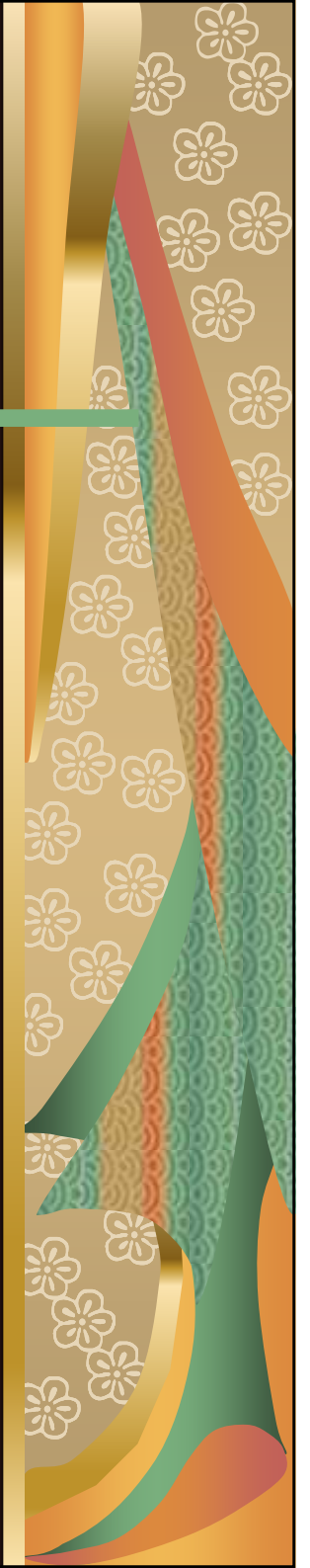
Types of Consumer Sales Promotion Activities



- Coupons
- Price discounts (cents off)
- Buy this, get that packs
- 25 percent more free
- Contests
 - Consumer
- Premiums
- Samples
 - Free use in B2B
- Loyalty rewards

Types of Trade Sales Promotion Activities

- Temporary price reduction
- Increased margin
- Trade deals
“buy 6 ship 8”
- Annual sales volume rewards
 - Be careful about anti-trust
- Contests
(sales force)



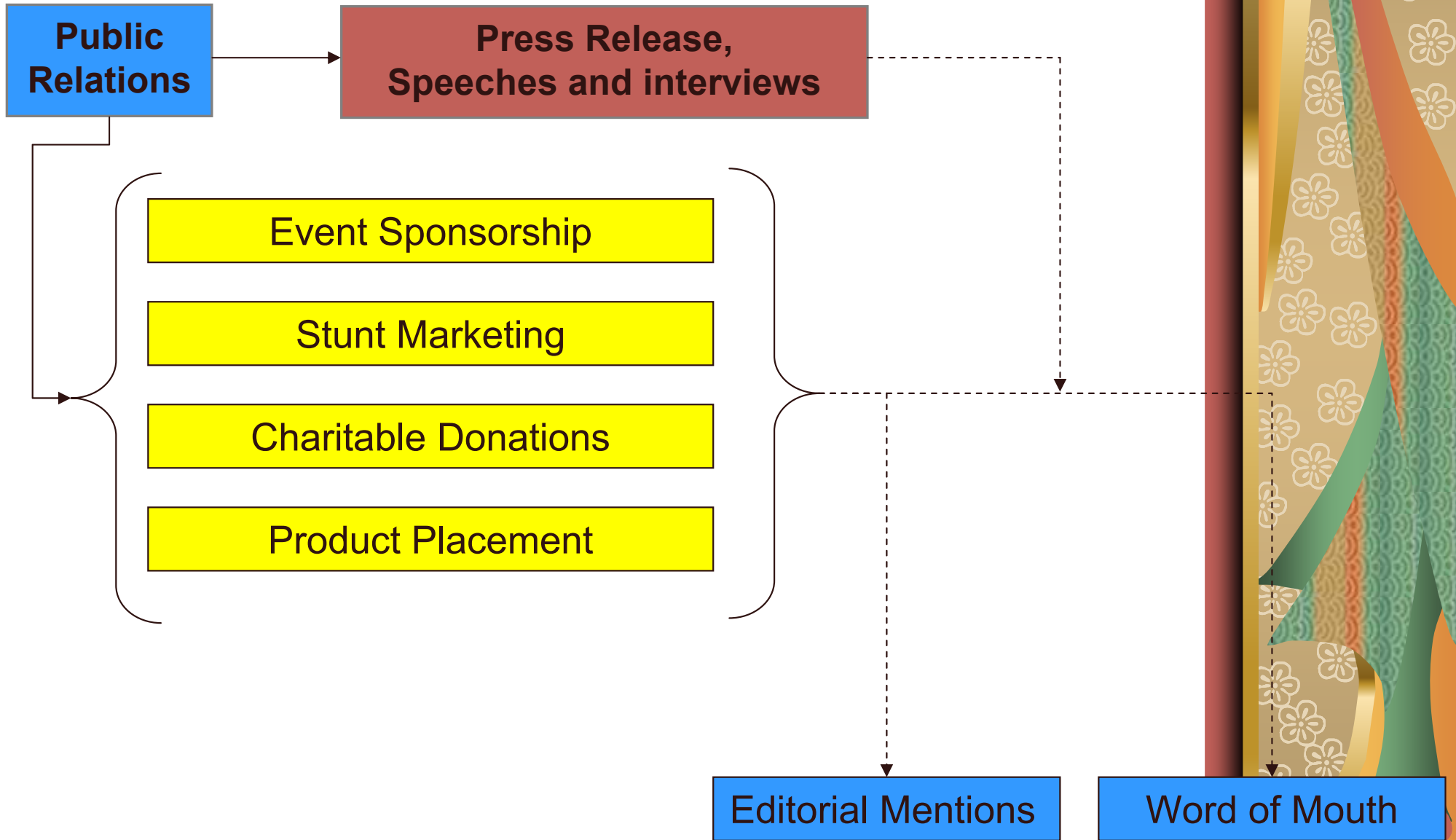
Public Relations

Communications with the firm's publics that are not "mass media paid advertising" or "direct promotion"

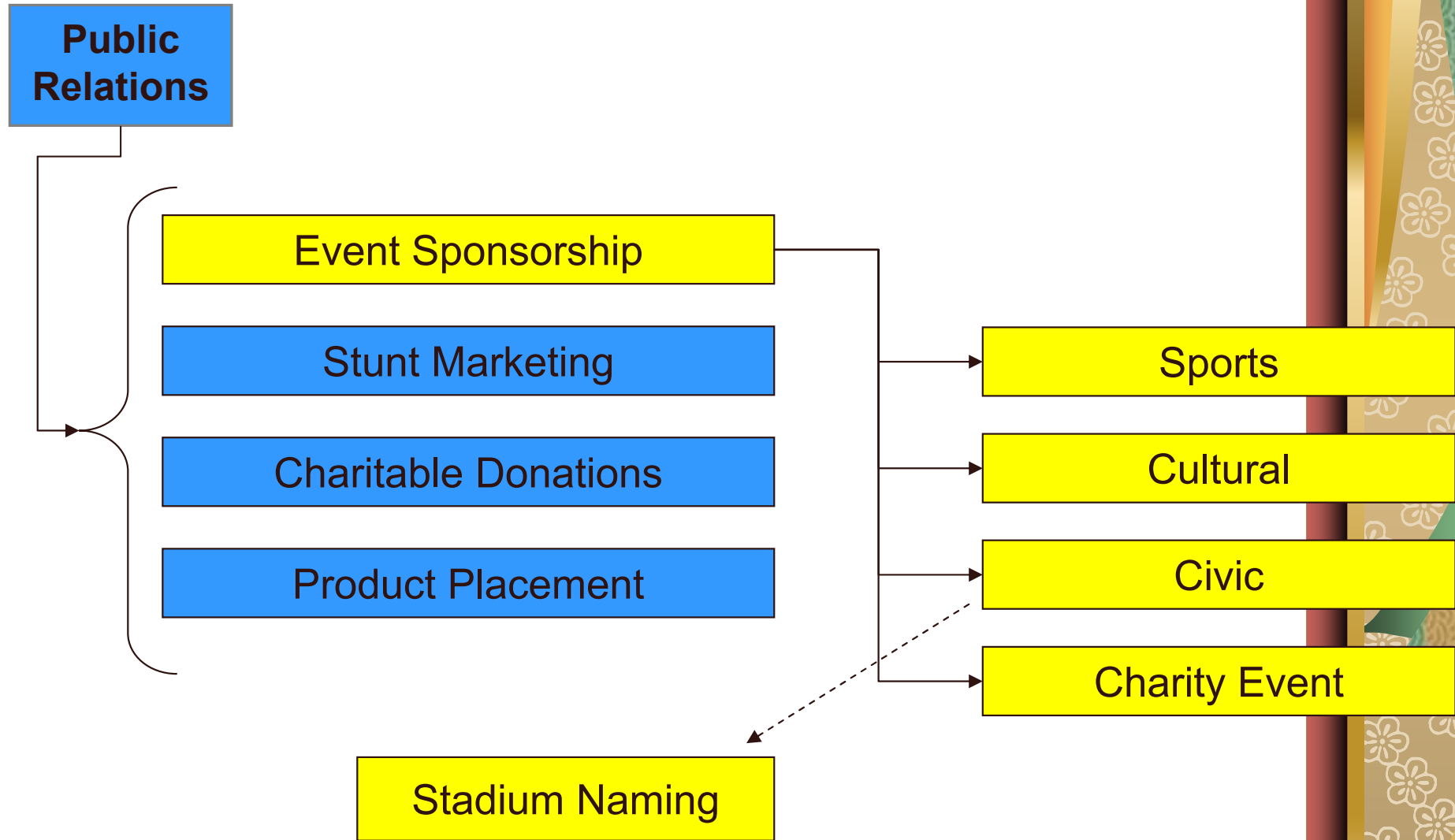
- A broad set of communication efforts used to create and maintain favorable relationships between the organization and its stakeholders
- Publicity is a nonpersonal communication in a news story form about an organization or its products, or both, transmitted through a mass medium for free



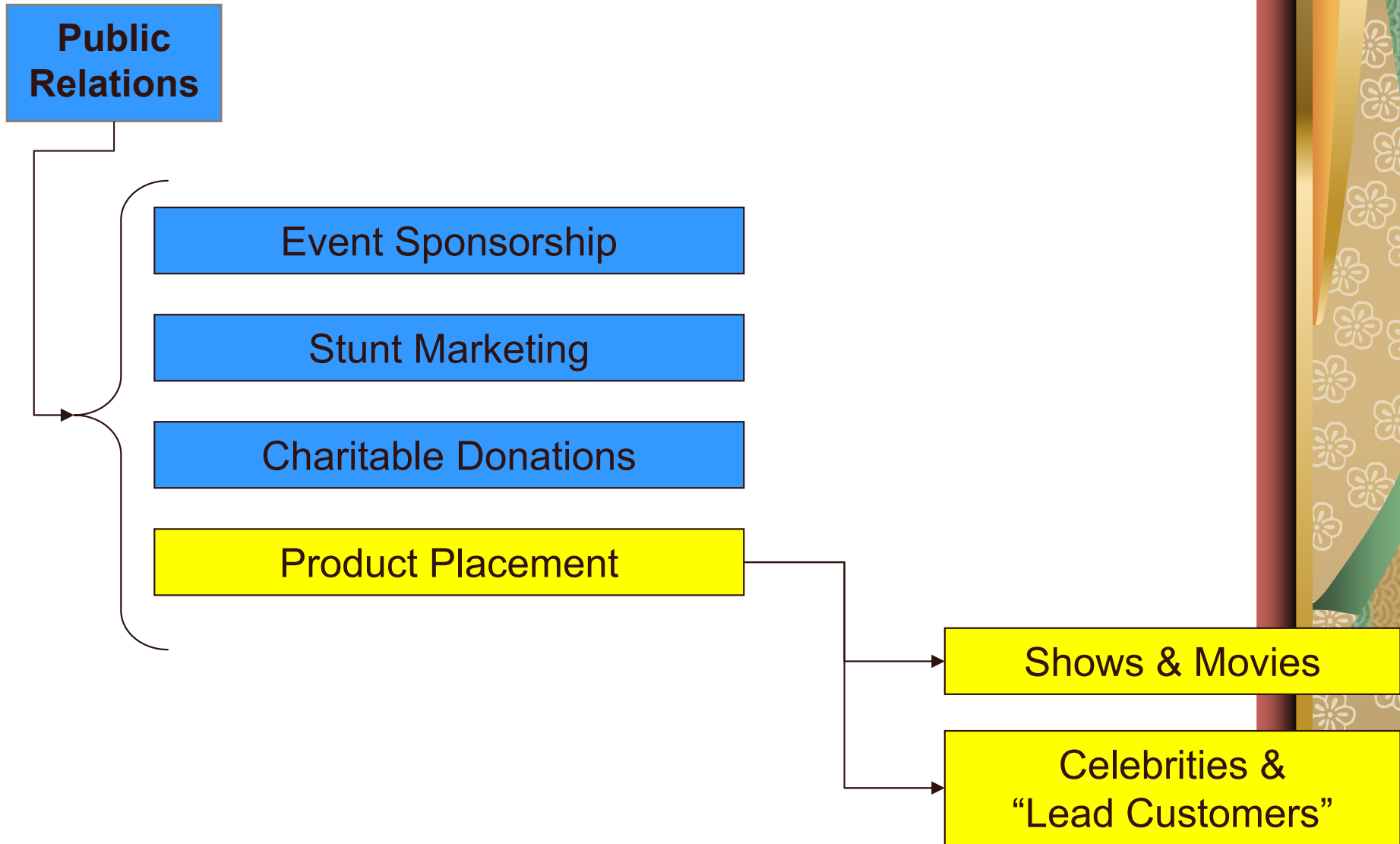
Public Relations Activities



Event Sponsorship Possibilities

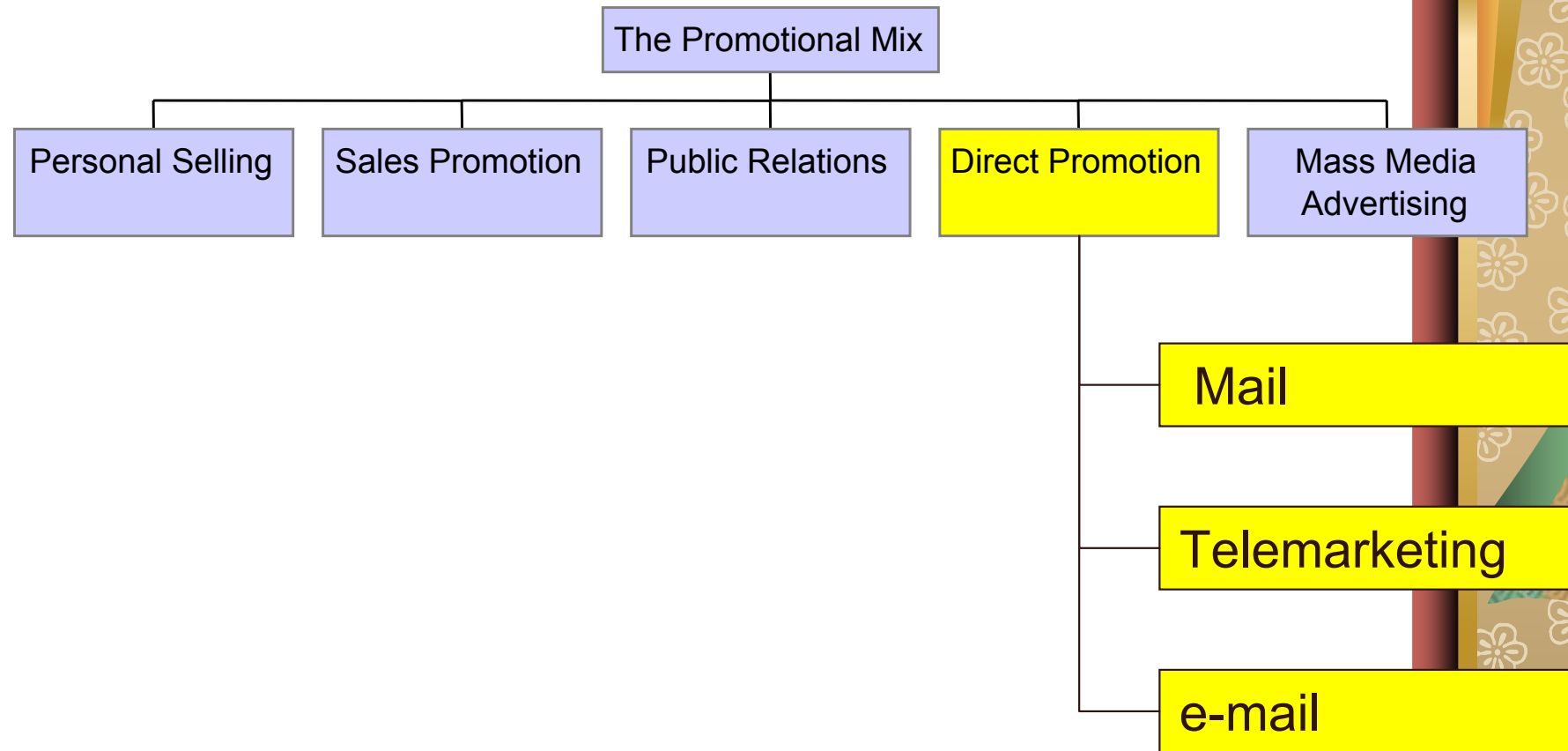


Product Placement Possibilities



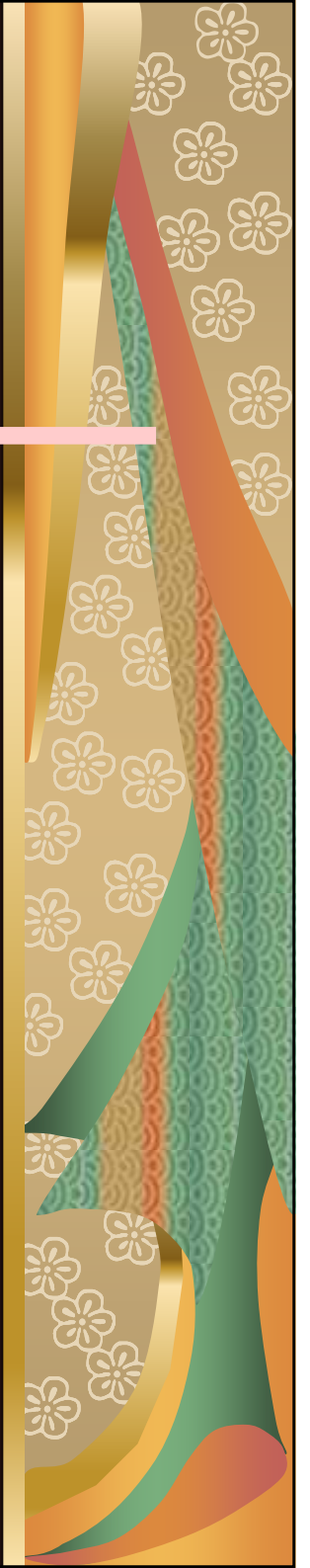
Direct Promotion

When we know the target by name or address
(including e-mail)



Comments on “Media”

- This is why you have an promo agency:
- Pros and cons of each medium
 - Reach, Impact, Frequency, **Cost** (the *metric* is CPM: Cost per Thousand impressions)
- Are you aiming for awareness, interest, trial or repeat behavior?



How to think about the Internet

- Both a **medium** for advertising, *and* a **channel of distribution** (“order on-line”)
- The great advantage of the Internet is that it permits **context-based advertising** (when you search for “Caribbean Cruise” Google shows you links to Disney Cruise Line and Expedia)



Media terminology

■ Timing

- All at once, or “flights” or “even”
- Reach (the percent of our target who will see)
- Impact
 - Credibility
 - Image

■ “Impressions”

- (number of times target sees your ad)
- **Conventional wisdom is that response peaks after 7 impressions**

Message Decisions

- What point are we trying to get across?
 - “Now with more fiber”
 - “Half the price of our competitor’s offer”
- The “brand essence statement” should drive this, followed by the specific promotional goal (e.g. “Induce brand switching from brand-y to us”)

