

CHAPTER 4

Advertising and Promotion

THE PROMOTIONAL MIX

The promotional mix is the use of different advertising and communication channels in a coordinated way to run an effective marketing campaign. These coordinated campaigns are part of an effective integrated marketing communications plan. **The four main methods of promotion within the mix are advertising, sales promotion, personal selling and public relations.** The most important factor in determining the optimal mix is identifying the target market. This can be determined through extensive market research. Once a company knows its target market, it can then research its use of various media outlets in order to come up with the best combination of marketing materials to reach the defined target. For example, if the target market is stay-at-home moms, an organization might find that television advertisements during certain daytime television shows are most effective for reaching them. If the target market is a young professional, the marketer might find that using billboards in a downtown commercial district and morning drive time radio advertisements are effective for getting the message to this target market. The size of the promotional budget will greatly influence the chosen mix as well. Television advertising can be very costly and, therefore, may not be a feasible option for a company with a smaller marketing budget, at least not during prime viewing hours on major networks. Often the amount of money a firm spends on promotional activities will be affected by the product life cycle, general economic conditions, and the competition.

(I) **ADVERTISING:** Advertising is paid communication brought to audiences through different forms of media such as television, radio, newspapers, magazines and billboards. A company uses advertising to inform, persuade or remind its target market of its products or services.

Comparative advertising is used to differentiate a company's products in the marketplace from other similar products. For example, McDonald's and Burger King used to run comparative advertising, comparing their cooking methods for hamburgers.

Reminder advertising is used once a product has matured in the Marketplace—that is, once a product has been around for a while. Credit card companies use a lot of reminder advertising, such as American Express “Don't leave home without it” or Visa “It's everywhere you want to be” campaigns.

Institutional advertising promotes the company, organization, government agency or a concept or philosophy, but not a specific product. For example, the U.S. Army recruitment commercials “Be all you can be.”

Types of advertising:

Digital advertising

Physical advertising

Advertising Mediums: There are advantages and disadvantages to each media type, and when selecting the advertising mediums to use, companies must understand who their target audience is

and which is the most effective method for reaching them. Marketers must be able to divide their budgets among the various media resources in order to stretch them the farthest to reach the most customers.

a) **Television:** Television advertising is the leading medium for reaching U.S. audiences. Although a very expensive form of advertising, television ads reach the largest percentage of the U.S. population at once and can be very appealing due to their visual nature as well as their sound. TV ads can be classified into national, local, and cable advertisements. The type of network chosen will depend on which audience the marketer is trying to reach. If the advertisement is for a local restaurant, the company may choose to advertise only on local stations or in local ad space on cable channels or national networks. The time an advertisement is shown is also an important decision that companies must make in order to reach the target audience. Budgetary constraints will also be a factor in choosing time slots for advertisements. Super Bowl ads are extremely expensive, but can be cost-effective for reaching an audience of sports fans.

b) **Print Ads:** Advertising in newspapers and magazines is another way of reaching customers with a company's message. Print ads are effective because of their visual quality and can be run in many different types of publications. Marketers selling products or services to consumers may choose national publications such as *Time* magazine or local newspapers such as the *Chicago Tribune*.

c) **Radio:** Although lacking the visual appeal, radio can be an effective medium for reaching target consumers. The average radio listener tunes in for three hours a day and often on a regular basis. When using radio advertisements in your marketing mix, it is necessary to make sure that the company and product or service is clearly identified. If your service is a bar for college students, you may choose to advertise in the evenings on a college station or an alternative rock station; if your target audience is senior citizens, you may advertise on news stations or a talk show.

d) **Internet:** The Internet has become an important electronic medium and its interactive quality is unique. It permits immediacy of purchase and a high level of convenience. It can be personalized and individualized. The Internet and the World Wide Web are becoming essential tools in an integrated marketing plan and effective tools in sustaining customer loyalty and satisfaction.

e) **Direct Mail:** Mailing advertisements or promotions directly to people's homes is another commonly used method of reaching consumers. Direct mail campaigns can be expensive, due to printing and postage costs, but these campaigns can be effective if the mailings reach the right consumers. Often companies will purchase lists of consumers or collect data themselves to build a mailing list. The people on these lists will then be sent targeted mailings.

f) **Telemarketing:** Internationally, telemarketing may be a very effective method of reaching consumers. The downside of telemarketing is that most people do not like the invasiveness of being called at home, though unfortunately many mass marketers find the risk of offending non receptive households is offset by the effective results and benefits from these marketing methods.

g) Outdoor and “Out of Home”: The majority of outdoor advertising dollars is spent on billboards. Billboards are a popular way of reaching commuters and consumers in a single geographic location. Other forms of outdoor advertising (known as “out of home”) include sports stadium ads, bus shelter posters, or signage on buses and taxis.

h) Special events-Fashion shows: Fashion shows are a special event of considerable importance in the fashion industry. These are used by both retailers and manufacturers to communicate a total fashion story, build image and sell merchandise.

(II) SALES PROMOTION: Sales promotion consists of many activities used to sell products. They are activities that give consumers a short-term incentive to make a purchase. Sales promotions are also activities that change the price and value relationship of a product as perceived by the target audience with the possible effect of generating immediate sales. It is possible that a sales promotion can also alter the long term value of the brand by making what might be a premium product more affordable. Sales promotions are generally time-bound programs that require participation on the part of the consumer through either immediate purchase or some other action. The fundamental goals of sales promotion are tactical, strategic, and ultimate. The tactical goals are to combat a competitor’s increase in market share, to combat other competitors’ promotional efforts, and to move brands that are either declining, overstocked, damaged, or not selling fast enough. The strategic goals are to motivate consumers to switch from a rival brand, to increase product consumption, to reinforce the marketing communications efforts for the brand, and to motivate brand loyalty. The ultimate goal of a sales promotion is to increase sales, profits, and market share. There are different channels for sales promotions, which include consumer promotions and trade promotions.

Objectives of Sales Promotion:

1. To introduce new products
2. To attract new customers and retain the existing ones
3. To maintain sales of seasonal products
4. To meet the challenge of competition

Tools of sales promotion:

- **Free samples:** You might have received free samples of shampoo, powder, while purchasing various items from the market. Sometimes these free samples are also distributed by the shopkeeper even without purchasing any item from the shop.
- **Premium or Bonus offer:** A milk shaker along with Nescafe, mug with Bournvita, toothbrush with 500 grams of toothpaste, 30% extra in a pack of one kg are the examples of premium or bonus given free with the purchase of a product.
- **Exchange schemes:** It refers to offering exchange of old product for a new product at a price less than the original price of the product. This is useful for drawing attention to product improvement.
- **Price-off offer:** Under this offer, products are sold at a price lower than the original price. Rs. 2 off on purchase of a lifebuoy soap, Rs 15 off on a pack of 250 grams of Taj Mahal tea etc some of the common scheme.

- a) **Coupons:** Whether we're cutting them from newspapers and magazines or getting them in the mail, coupons are a very popular form of sales promotion. They are very effective, especially in economic downturns, for luring people into restaurants or causing them to make repeat purchases of products. E-coupons are another popular form of sales promotion; they are extremely effective for luring in customers and are redeemed by 57 percent of the people who click on them. The most popular uses of e-coupons are for sales of groceries, books, and health and music products. The disadvantage of coupons is that they do not encourage brand loyalty; most consumers who use coupons regularly are willing to switch brands if there is a better discount available.
- b) **Rebates.:** Rebates are partial refunds that are offered by the manufacturers. Often manufacturers will use mail-in rebates as incentives for purchasing. The consumer must purchase the product at full price and then fill out paperwork and mail in the receipt in order to receive some money back. Rebate programs allow marketers to promote a company's product at a reduced post rebate price, offering a substantial savings to its customers, but also requiring that a set of conditions be met to qualify.
- c) **Sampling:** Companies will often send or hand out samples of products in order to attract customers who may not have purchased their products otherwise. Beverage companies may target college students and hand out soft drinks on campuses or a food company may set up a stand in a grocery store so that consumers can sample their new chips. You may even receive a trial bottle of shampoo in the mail. Or you may remember receiving the America Online (AOL) CD in the mail, offering you 100 free hours of Internet access. These are all examples of sampling and the intention of these promotions is to introduce a new product or service to a consumer in order to generate brand loyalty. Sampling can be a costly method of attracting customers, and it often results in wasted distribution; however, it can be a very effective method for getting consumers to switch brands.
- d) **Sweepstakes and Contests:** Sweepstakes and contests are another strategy of sales promotion. Data will be collected from consumers and they will be entered to win a prize. Companies can use the information that they collect from entrants in order to develop a mailing list for future promotional campaigns. Organizations must be sure to print all the guidelines for their sweepstakes or contests in order to avoid legal entanglements. Some of the guidelines companies should follow in order to put on a successful sweepstakes promotion include the following: clarify who is eligible; indicate states where the promotion is not valid; declare the termination date of the promotion; and clarify random drawing procedures. Companies should also detail the prizes, disclose the odds of winning, declare a deadline for entry, and reserve the right to use winners' names and photographs for publicity.
- e) **Point-of-Purchase Displays:** Point-of-purchase (POP) promotional materials are displays that are set up in stores in order to prominently display products. At a grocery store a POP is usually placed in the front of the store, at the end of an aisle, in the aisle, or on the shelf.

POP displays are very successful due to the fact that many people make last-minute purchasing decisions.

f) Bundling: Sometimes companies bundle products together in order to promote a new product or to encourage consumers to try a complementary product such as a free small conditioner bundled with a shampoo purchase or a free disposable razor with a shaving cream purchase. A company may also offer a bonus pack or a special pack with 20 percent more in order to encourage a customer to purchase a product.

g) Give-aways. Another strategy used by companies is that of special promotional items to be given away. These may be hats or T-shirts advertising the company or brand. For example, many times credit card companies will offer T-shirts if you sign up for a new credit card, or a beer company may be giving away pint glasses to customers who purchase that brand of beer on certain nights. Alcoholic beverage companies often hire young men and women who will go to concerts, bars and clubs and promote their products by giving away promotional items.

(III) PERSONAL SELLING: Personal selling uses a personal sales presentation to influence customers to buy a product. Personal selling tactics are most often used when there are a few geographically concentrated customers; the product is highly technical in nature; the product is very expensive; or when the product moves through direct distribution channels. It is a tactic often used by businesses looking to sell to other businesses, as opposed to businesses selling to consumers. The sales process involves a personal seller identifying the target customer by determining who is likely to buy his or her product. Once the target customers have been identified, the salesperson will contact them. Upon meeting with a potential customer, the salesperson will make a sales presentation, explaining how the customer needs the product or service that is being sold. The sales person should be prepared to answer the customer's questions. After the presentation, the goal of the salesperson is to close the sale while the presentation is still fresh in the mind of the customer. Following up with the purchaser after the sale is made is a very effective strategy for developing long-term relationships.

a) Relationship Strategies: Developing an effective relationship strategy can be the key to forming long-term relationships with customers and in turn creating loyalty. Good customer service and treating customers fairly become the critical first step for ensuring a healthy relationship. Fair treatment includes responding to customer complaints and finding workable solutions to resolving mistakes that have been made. Although the customer may not always be right, the customer should always be treated graciously. Providing customers with truthful information and creating personable contact with them are critical. A company's internal structure is also very important to its ability to build relationships with customers. The company should be running a cost-effective business, possess interpersonal skills and have the technical know-how regarding its product offerings. For many professional service providers, their staff may have more interaction with the client than the professional service provider; making it critical that the staff have the same level of concern for customer service and satisfaction as the provider.

Additionally, it's very important that companies recognize who their most valuable customers are. Those are the customers who benefit the company most through their purchases. Companies will want to focus their long-term relationship-building efforts on these types of customers, because it will be more profitable. In a competitive environment complicated by high marketing costs, most marketers are moving toward a relationship-building strategy of "greater share of customers" instead of "greater market share." Many companies use forms of customer relationship management in order to keep track of their customers' purchases, determine who their most profitable customers are and target special promotions and product or service offers to their customers using the information they collect. Many banks are starting to offer these services and you may notice that when you call to get account information the customer service representative will offer you other products. Phone companies have also taken up this practice. It can be a very successful way of introducing new products and services to existing customers, up-selling customers or influencing them to purchase more products.

b) **Loyalty Programs:** Many companies develop loyalty or frequency-marketing programs in order to further engage the consumers with their products and increase customer loyalty. These programs are very effective for targeting the company's most valuable customers. Most airlines develop frequent-flier programs, which allow customers to earn points toward their next flight. Other businesses, such as coffee shops, also offer frequency cards that entitle the customer to a free beverage, for example, after purchasing a certain number of beverages. Loyalty programs have been very effective in generating repeat business. They offer an added value to the consumer, whereby the purchaser is not simply enjoying the value of the current purchase, but is being rewarded. It is important, however, that the loyalty program be relative to the product and service offering of the organization and that the award be attainable. Customers may experience frustration if, with an airline ticket as an example, they are unable to redeem their ticket when they want to travel, or if the restrictions on the reward are so high that it is not worth the hassle of redemption.

(IV) PUBLIC RELATIONS AND PUBLICITY: An organization's public relations and publicity activities are the means to foster its relationships with its various audiences and to communicate with them. Public relations efforts are undertaken in order to form a favorable view in the public eye. Favorable publicity can enhance an organization's image and increase demand for its products. A positive article or review about a product or service adds credibility, believability and legitimacy in a much more effective manner than paid-for advertising. Negative publicity, on the other hand, can tarnish an organization's reputation. Most public relations strategies include press releases, special events, and press conferences. Press releases are articles or brief news releases that are submitted to publications by the firm. They often provide information about company happenings: new hires, new products or services, or changes in management. They can be an effective way of gaining attention and creating or maintaining awareness. Many organizations sponsor special events such as product launches. A fashion company may sponsor a fashion show to display its new line of clothing. A musician may hold a record release party for his or her new album. The firm will often invite top clientele, industry insiders and media to these events. A news conference is an in-person announcement of recent organizational events to the media. It is an effective method of informing the public of recent happenings without causing rumors to be spread, because the information will come straight from the source.