

Intro to Marketing—Quiz #4
 MKTG7 Chapters: 15, 16, 17, 18

Introduction to Promotion

Promotion: function of *influencing* the purchase decisions of potential buyers by *informing, persuading* and *reminding* them of the product and its brand

- **Promotion Mix:** combo of promotional tools that are used to reach the target market and fulfill organization's goals
 - o *Advertising*—(non-personal): Informative, Persuasive, Reminder
 - o Public Relations—(non-personal)
 - o Personal Selling—(personal)
 - o Sales Promotion—(non-personal)
 - o Social Media—(personal)

Integrated Marketing Communications (IMC): careful coordination of all a product or service's promotional messages made to assure a consistent & unified message at every contact point with the consumer

- o Challenging for the organization
- o Not *intellectually* challenging for the consumer
- **Promotional Objectives:**
 - o *Provide information:* remove the transaction barrier—clarify where the product can be purchased
 - o *Stimulate demand:* promo seeks to shift the demand curve right, towards inelasticity—consumers are willing to buy despite price fluctuations
 - **Primary Demand:** demand for a product category (i.e. Got Milk)
 - **Selective Demand:** demand for a specific brand
 - o *Differentiate & Accentuate the Value of a Good*
 - **Unique Selling Proposition (USP):** attribute that *accentuates* the product's *value* and justifies *premium* prices
 - Presented with a desirable, exclusive and believable advertising appeal—campaign theme
 - o *Stabilize sales:* smooth out seasonal purchase patterns
 - i.e. Jiffy Lube ad to increase winter oil change

Promotional Targets:

1. *Purchaser:* user & influencer
2. *Consumer vs. Industrial Customers*
 - Business to Customer or Business to Business
3. *Channel:*
 - Agents/brokers
 - Wholesalers
 - Retailers
4. *Push vs. Pull Strategies*
 - **Pull Strategy:** pull demand back through the channel—pull *customer* into the store
 - o Stimulating final, end-user demand
 - o Target: *consumer*
 - **Push Strategy:** fight for position on the shelf
 - o Promotion to members of the distributions channel

- o Target: *wholesalers and retailers*

Influences of different Promo Mix element's relative effectiveness:

- Reach
- Ability to adopt/tailor message
- Speed of customer response
 - o Sales call vs TV ad
- How easily copied
- Measurability
- Cost

Personal Selling

- *Advantages*: measurable, elicit more immediate response, message tailored to each customer
- *Disadvantages*: highest cost per contact

Advertising

- *Advantages*: mass audience, low cost per exposure, can adapt to specific segments
- *Disadvantages*: (usually) doesn't close sale, hard to measure

Sales Promotion

- *Advantages*: immediate response, easily measurable, can be implemented quickly
- *Disadvantages*: easily copied, expensive

Public Relation

- *Advantages*: low cost
- *Disadvantages*: difficult to measure

Factors Affecting Promotional Mix:

- *Nature of the product*: product's characteristics influence its promotional mix
 - o Requiring personal selling:
 - *Business products*—often customer tailored to buyer's specifications
 - However, advertising in trade media is useful
 - *Complex products*
 - *Expensive products*
 - o Requiring more advertising
 - *Consumer products*: generally not custom-made
 - Brand familiarity is created through advertising and social media
 - *Standard/no servicing products*
 - *Inexpensive products*
- *Product life cycle*
 - o Introduction: *Ads & PR* used to build awareness and *primary* demand amongst the target audience
 - *Personal selling* gets retailers to carry the product—build product distribution
 - *Sales Promotion* stimulates trial & repeated purchases
 - o Growth: shift in promo blend to accommodate different types of potential buyers
 - *Ad & PR* (still major mix elements) continue to build selective demand

- Personal selling *grows* distribution—typically successful in getting adequate distribution
 - *Sales Promo* is reduced since consumers need fewer incentives to purchase
 - Maturity: competition becomes fiercer emphasizing *persuasive & reminding advertising*
 - *Personal selling* to maintain distribution
 - *Sales promo* increases to maintain (or increase) market share
 - Decline: all promotion—especially *ads*—are reduced
 - *Personal Selling & Sales promo* maintained at retail level
- Target market characteristics
 - Requiring more *Ads & Sales Promotion*:
 - Large target market
 - Geographically disperse
 - Repeat buyers
 - Requiring more *Personal Selling*:
 - Small target market
 - Geographically concentrated
 - 1st time buyers
- Type of buying decisions
 - Routine Buying: more advertising & sales promotion
 - Must effectively call attention to or remind customers of the brand
 - EX: buying toothpaste
 - Complex Buying: more personal selling
 - Customers are extensively involved in the purchase decision
 - Rely on large amounts of information
 - EX: buying a car
 - Neither Routine or Complex: *ads & PR* help establish awareness for the good or service
- Funds available—easily a most important factor in determining a promo mix
 - When funds are available; firms generally try to optimize return on *promo dollars* while minimizing *cost per contact*
- Push or Pull Strategy:
 - Push: more personal selling & trade advertising
 - Manufacturer's aggressive personal selling to convince wholesaler/retailers to sell their merchandise
 - Retailer then uses ads, displays and promo to convince consumers to buy *pushed* products
 - Pull: more consumer advertising & sales promotion
 - Stimulates consumer demand to obtain product distribution
 - Promotional efforts are focused on end consumers or opinion leaders

Advertising: a paid for and non-personal communication through various media by an identified sponsor for the purpose of persuading, informing and reminding

- Key Advertising Strategy Components:
 - Creative: what you're going to say and how
 - Characteristics of a good *creative ad*:
 - **Gets attention***, informs, believable, memorable, provokes action, simple & appropriate
- Media Planning: decisions advertisers make to select the best channel to deliver message