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Marketing - Ch. 6 Promotion

**6.1 Promotion & Advertising**

The Role of Promotion in Marketing

* Promotion of products is everywhere in the US.
* Consumers are exposed to thousands of promotional messages each day from newspapers, radio, billboards, and advertisements mounted on taxis or painted on city busses.
* To be successful, a company’s promotion must interest people in buying its products and services and help them purchase the product.

Promotion

* Promotion - the methods used and information communicated to the consumers.
* Resulting in a consumer’s decision to purchase and in increased customer satisfaction.
* One of the primary reasons a company’s products fail is that customers are not aware of the product or how it will satisfy their needs.
* Ensuring customer satisfaction is a very important part of promotion.

Each of the other elements of the marking mix are important to effective promotion.

* Consumers need to know the product is available and where they can purchase it.
* They must be able to easily recognize the uses of the product, its unique features and be able to compare differences among brands.
* Consumers will want to know the cost of the product and be able to determine if it is a good value in satisfying their needs.

Model of Effective Communication

* Effective promotion is based on effective communication.
* Communication is a two-way process between a sender and receiver.
* Sender - the person or organization providing the information.
* Receiver - one or more people with whom the sender wants to communicate.
* Receivers can send feedback to the sender indicating whether they understand the message or not ask questions or provide additional information.

Basic Communication Model

* The sender – the company communicating with consumers.
* The message – the information in the promotion.
* The method of promotion - determines the communication medium:
	+ advertising
	+ personal selling
	+ sales promotion
	+ publicity
* The receiver – the prospective customer.
* Feedback from the receiver will help the sender determine whether the promotion was successful, whether additional promotion and communication is needed.

Roles of Promotion

* Promotion has three possible roles in marketing.
	+ To inform
	+ To persuade
	+ To remind

To Inform

* The first role of promotion is to inform.
* Customers need to be **aware** of a product, its features and marketing mix elements.
* They must be able to identify what needs the product will satisfy.

Persuasion

* Persuasion encourages a customer to take a specific action.
* Such as visit a store, request additional information, or purchase a product.
* Customers compare brands to determine which ones think are the best value or provide the greatest satisfaction.

Promotion

* Promotion can remind customers who have purchased a product about the satisfaction they received and encourage them to continue to purchase the product.
* Satisfied customers are important to businesses.
* They should not be ignored when planning promotion.

Companies can communicate with customers in many ways.

* New and creative forms of communication and promotion are regularly developed by business.
* Common forms of promotion businesses use to communicate with customers:
	+ advertising
	+ personal selling
	+ sales promotion
	+ publicity

Media frequently used for promotion:

* Television
* Newspapers
* Magazines
* Radio
* Direct mail
* Outdoor advertising
* The Internet

Companies also communicate through

* sales letters
* telephone
* face-to-face meetings with consumers.

Depending on its communication goal a company may choose to use either personal or mass communication.

* Personal communication involves a very small number of people in direct two-way information exchange.
* With personal communication, the people involved in the information exchange have the ability to interact with each other.
* An example of personal communication; personal selling.
* Customers can ask the salesperson questions and get specific information related to their needs.
* Personal selling can be very expensive.

Mass Communication

* Communicating with a large number of people at the same time with limited or no interaction.
* Most advertising is an example of mass communication.
* Unfortunately, companies do not receive feedback with mass communication.
* It is considered to be more efficient since so many people can be reached with the same message.
	+ Checkpoint, pg. 134,
		- Name 4 common forms of promotion

Advertising as a Promotional Tool

* Various ways to advertise: television, radio, newspapers, magazines, direct mail, internet.
* Each has its strengths, weaknesses and differing costs.

Advertising

* The most frequently used type of promotion.
* Any paid form of communication sent through a mass medium by an organization that delivers a message to many people at the same time.
* Advertising messages can be impersonal since they are designed to appeal to many people.
* A company’s advertising message appears in mass media such as television and newspapers.
* An advertising must be unique and creative to hold the interests of the consumer.
* American organizations spend more money each year on advertising than on any other type of promotion.
* The average business spends less than 2 percent of total sales annually on advertising; however, some spend 20 percent or more.
* Companies selling beverages, cosmetics, and electronics depend on advertising.
	+ They spend a significant amount of money throughout the year to keep their brand names in front of consumers.

Types of Advertising

* Businesses use both organizational and product advertising.
* Organizational advertising - promotes the company and its image, not their products.
	+ When McDonald’s promotes its family image it is using organizational advertising.
* Product advertising - designed to sell a specific product or service.
	+ When a company encourages customers to purchase a specific product such as Big Mac or a Quarter Pounder, it is using product advertising.

Formats of Advertisements

* Several common formats of advertisements are available to meet the specific communications needs of businesses.
* The formats represent how the company is attempting to influence consumers to buy their products.
	+ Slice of life ○ Musical
	+ Technical or scientific information ○ Fantasy
	+ Testimonial ○ Mood or image
	+ Character

Slice of Life

* These advertisements show people using the product in an everyday setting.
* The people in the advertisement look and act like the target market the company has selected.

Musical

* Musical advertisements feature a song, jingle, or popular entertainer.
* They attempt to establish a memorable connection between the product and the music.
* Popular music groups or nostalgic songs may elicit positive images for consumers.

Technical or Scientific Information

* Some consumers want specific information about the product, its construction, use or durability.
* Advertisements featuring technical information presented by a scientist, engineer, or other expert are designed to meet the communication objective.

Fantasy

* Fantasy ads create an “ideal vision” for the consumer and connect that vision to the use of the product.
* This format is frequently used to sell perfume, vacations, or expensive automobiles.

Testimonial

* Testimonials provide endorsements about the use of the product.
* Entertainers, athletes, and other celebrities often provide the testimonial.
* Other advertisements feature the testimonials of ordinary people who represent the target market for the product.

Mood or Image

* Designed to elicit emotions from the consumer making them happy, nostalgic, or excited.
* Companies that sell greeting cards, film for cameras, flowers, and long-distance telephone service often try to appeal to emotions connected with the use of their products.

Character

* Some companies create a fictitious character to represent their product or service.
* Popular characters from movies and cartoons are featured in advertisement to call attention to a company’s product.
	+ The Keebler Elves produce cookies and other snacks in their tree.
	+ Smokey the Bear asks you to prevent forest fires.

Develop an Advertising Plan

* Companies place advertising in various media.
* They run it for weeks and months to achieve the objectives they have set.
* Companies prepare an advertising plan to coordinate the advertising activities and to make sure the desired results are achieved.

There are many ways to advertise a product or service.

* Television
* Radio
* Newspapers
* Magazines
* Direct mail
* Internet

Steps to Developing an Advertising Plan

* Set objectives.
* Determine the budget.
* Develop a theme.
* Select the media.
* Create advertisements.
* Schedule advertisements.
* Evaluate advertising effectiveness.

Set Objectives

* Objectives - desired results to be accomplished.
* Advertising objectives should support the marketing plan and identify:
	+ the message to be communicated
	+ the target market
	+ the result expected
	+ and the time frame.

Determine the Budget

* Because advertising is expensive.
* The company must decide how much money it can devote to promoting the product.
* Advertising budgets are based on a percentage of expected sales or by determining the amount competitors are expected to spend.
* The budget must be spread across the activities to be completed and the media that will be used.

Develop a Theme

* A consistent message should be communicated to consumers in all advertisements.
* Theme - one idea, appeal, or benefit that will be the focus of the advertising plan.
* You can usually identify memorable advertising themes that have been successfully used.

Select the Media

* Companies often use several media for the advertising.
* Media are selected based on their appeal to the target market, the ability to communicate the message costs to prepare and run the advertisements, and the time required to prepare the ads.
* Media frequently used for advertising and promotion are: telephone, newspaper, magazines, radio, direct mail, outdoor advertising, and the Internet.

Create the Advertisements

* The creative process that we think of as the work of advertisers.
* Very different procedures are needed to create effective advertisements for newspapers, magazines, radio, television or outdoor advertisements.

Schedule the Advertisements

* A specific schedule of when each advertisement will appear in the media must be developed.
* The ads should appear WHEN the business wants customers to buy the product.
* If a sale is scheduled in a store and the advertisement appears a week late, the objective will not be achieved.

Evaluate Advertising Effectiveness

* A company will want to know if the advertising plan achieved its objectives.
	+ Did the customers see the ad in the media?
	+ Did they understand the message?
	+ Did their opinion of the product change as a result?
* The company usually will track the sale of the products before and after the advertising appears to see if the ads influenced customer actions.
	+ Checkpoint, pg. 138 - List the steps in developing an advertising plan.

**6.2 Personal Selling**

The Need for Personal Selling

* All promotional methods involve communication with customers.
* Promotion is mainly directed at large groups of customers.
* Communication is general because it is designed to meet the needs of many people.
* Consumers may not receive the information they need for specific purchases they wish to make.
* Unless customers are willing to gather a great deal of information on their own and determine how a company’s products will meet their needs, mass communication by itself may NOT be effective.
* Personal selling is direct, individualized communication with one or a very few customers with the goal of assessing and meeting their needs with appropriate products and services.
* Direct communication - the salesperson can meet and talk with the customer.
	+ As a result of using direct communication, the salesperson is able to obtain immediate feedback from the customer and respond to any questions and concerns that are expressed.
	+ The salesperson can provide additional information needed to help the customer make the best decision.
* Individualized communication - the salesperson can provide specific information that responds to the unique needs of the customer.

Advantages of Personal Selling

* Most forms of advertising only allow a limited amount of information to be communicated.
* A salesperson spends more time with a customer and can offer more detail.
* Advertisements are necessarily more general to appeal to larger numbers of customers.
* Personal selling is individualized and can be very specific.
	+ Customer feedback is an important part of personal selling.
* Advertising is frequently one-way communication.
	+ It is difficult for the business to determine if the customer understands the information.
	+ In most types of advertising consumers cannot ask questions or ask for more information.

Disadvantages of Personal Selling

* High cost and amount of time needed to communicate with each customer.
* Each salesperson is responsible for contacting customers and presenting information; therefore, the company has less control over communications.
* Selling is a complex and difficult job. It requires a high level of knowledge, energy, and training.
* It may not be easy for companies to hire and keep effective salespeople.

Uses of Personal Selling

* Personal selling is used by companies that have high priced, complex, and technical products.
* It is often used in business-to-business marketing or in selling expensive consumer products such as houses, automobiles, expensive clothing and jewelry, and higher priced home products and electronic equipment.
* Effective salespeople are some of the highest paid employees of a business.
* To justify the cost of personal selling, and promotional task must be important and the potential profit to the business high.
	+ Checkpoint, pg. 142 - What are advantages and disadvantages of personal selling to a business?

The Personal Selling Process

* Personal selling is promotion through direct, personal contact with customers.
* The salesperson usually makes direct contact with the customer through a face-to-face meeting.
* There are many types of customers, a salesperson must be able to adjust to each type.
* Some customers know exactly what they want, while others are in the early stages of decision-making.
* Salespeople must understand each customer and follow a set of steps to complete the selling process.

Study the Wants of Customers

* Buying motives – the reasons people buy.
* Individuals are motivated to buy for different reasons.
* To be successful, the salesperson must determine a particular customer’s buying motive and then tailor the sales presentation to appeal to it.
* The salesperson can appeal to more than one buying motive.
	+ An automobile salesperson may emphasize the roominess and safety features of a van to a family.
	+ The same salesperson selling the van to a businessperson may show how the seats can be removed quickly to be more able to load and haul equipment.
	+ Both customers may be interested in the economy and low-cost maintenance of the van.

Providing customer satisfaction through a sale is the ultimate goal of a salesperson.

* This does not require high-pressure selling.
* It requires intelligent customer-oriented selling.

Present and Demonstrate the Product

* Customers are interested in what the product will do for them and how they can use it.
* Salespeople must have a thorough knowledge of a product so that they can provide accurate information and answer questions.
* For example, customers might ask:
	+ What type of wood should I purchase to construct a durable deck on my home?
	+ Can this fabric be laundered, or do I have to have it dry cleaned?
	+ Why is this model of television priced $200 higher than the competing brand?

Different customers value different types of information about the same product.

* Salespeople should study the products they sell as well as the competition’s products so that they can be prepared to answer any questions customers might ask.
* In addition to giving customers information, salespeople would be able to demonstrate the use of the product so that customers can determine whether or not the product will meet their needs.
* The salesperson can focus the customer’s attention on to the product while explaining its features and benefits.

Answering Customer Questions

* A customer usually has many questions during the salesperson’s presentation.
* The salesperson should not be concerned by the questions but view them as an opportunity to better understand the customer’s needs and help them to make the best decision.
* Questions may represent real concerns or be an effort to avoid making a purchase decision.
* It is difficult to try to second-guess a customer to determine if the question is real or not.
* It is best for the salesperson to listen carefully and help the customer make the best decisions.

Closing the Sale

* For many salespeople, the most difficult part of the selling process is asking the customer to buy.
* If the salesperson has involved the customer in the sales presentation and has listened carefully to the customer’s needs, the customer’s interest in buying should be clear.
* Effective salespeople give the customer the opportunity to buy several times during the sales presentation by asking for a decision on a specific model, color, price or type of payment.
* If the customer continues to ask questions, the salespeople will answer them and continue the discussion until the customer appears satisfied.
* Salespeople should work with customers until it is clear they do not want the product or until the sale is made.

Following-up

* The selling process is not complete just because the customer agrees to purchase a product.
* Remember, effective marketing results in satisfying exchanges between a business and a customer.
* Selling is successful only when the customer is satisfied.
* After the sale, the salespeople should check with the customer to be sure the order is correct, the customer knows how to use the product, and that it meets the customer’s needs.
* If the customer has problems with the product, the salespeople should correct the issues immediately.
* If the customer is satisfied, the salesperson’s follow-up contact will remind the customer where the product was purchased, so that the customer may choose to buy from the same business again.
	+ Checkpoint, pg. 144 - What are the steps in the selling process?

**6.3 - Sales Promotion, Publicity, Internet**

Sales Promotion and Publicity

* The primary methods of promotion used by a business are advertising and personal selling.
* There are many other ways for companies to communicate with prospective and current customers.
* Important communication goals are
	+ to make the company and its products memorable in the minds of consumers
	+ and to build a positive image for the company.
* Sales promotion and publicity are important promotional tools used to accomplish those goals.

Uses of Sales Promotion

* Sales promotion is the use of activities or materials that offer customers a direct incentive to buy a product or service.
* Examples of sales promotions:
	+ coupons
	+ games or contests
	+ free samples
	+ rebates

Coupons

* Coupons are an effective method of increasing sales of a product for a short period of time.
* They are used to introduce a new product or maintain and increase a company’s share of the market for established brands.
* Coupons usually appear in newspaper and magazine advertisements.
* They also are distributed by direct mail and the Internet.

New Product Introduction

* When producers are introducing a new product, they may distribute samples through the mail.
* This is done to familiarize people with products and create a demand for them in local businesses.
* Coupons are often sent out with product samples to encourage the consumer to go to a local store and buy the product.

Manufacturers cooperate with wholesalers and retailers by providing promotional materials.

* Promotional materials include
	+ window displays
	+ layouts and illustrations for newspaper ads
	+ direct-mail inserts
	+ display materials
	+ sales presentation aids
* Many are commonly furnished at a lower price or without any cost.
* Companies may offer consumer demonstrations in stores.
* Demonstrators may cook and distribute samples of a new food product in the store.
* This helps retailers sell the new product so the retailer gives the brand location or pricing preferences.

An effective type of sales promotion is giving items to consumers that promote the company or product.

* A home repair service may give a calendar or refrigerator magnet to a customer as a reminder to call the next time their auto service is needed.
* A dentist may provide a small toothbrush and tube of toothpaste to a child as a reminder of the importance of good dental care.
* Many consumer products are promoted using t-shirts or other apparel items that include the company’s name and logo.
* Fast food restaurants provide low-cost or inexpensive toys for children as an incentive for parents to visit regularly.

Manage Publicity

* Publicity – information communicated through a mass medium that is not paid for or controlled by the company.
* Publicity can have both positive and negative effects on a company.
* It is usually in the form of a news story in a newspaper or magazine or be featured on tv or radio.
* If a company is introducing an innovative product, it will often get positive publicity.
* On the other hand, if a consumer is injured using a product, the company will get negative publicity.
* Publicity is not paid for or controlled by the company, but most businesses work hard to get the media to include positive publicity about them and its products.
* Large companies often have departments with people whose main responsibility is to prepare press releases, contact media representatives, and follow up on stories that appear in the media.
* If businesses anticipate a problem, those people will be available to discuss the situation and provide answers on how the company will response.

Positive publicity can be very helpful to a business.

* People are more likely to believe information that is not part of an advertisement.
* The image of a company is enhanced when it is recognized in the media for supporting a community activity or making a contribution to charity.

The Disadvantage of Publicity

* The business cannot directly control the information that will appear in the media.
* Negative stories about a company, its products, or operations can have an impact on customer perceptions and sales.
	+ Checkpoint, pg. 149 - Define sales promotion and publicity

Internet Promotion

* The internet has become an important way to provide information about the company and its products to the customers.
* As customers try to locate specific products and businesses, they are increasingly turning to the Internet.
* By using the Internet, a customer can often obtain product descriptions, find out the days and hours a business is open, and even print a map showing the location of the business.
* Today if a business has not posted information about its business, location, and products and services on the Internet, it is likely to miss some customers.

Internet Advertising

* The Internet is full of advertisements.
* Because space on the web is limited, companies compete for the attention of Internet users.
* They try to place their advertisements on pages that prospective customers are most likely to visit.
* Varied sizes, colors, and placements of advertisements encourage Internet users to stop and read the company’s information.
* Advertisements now include moving text, graphics and links to more detailed information.
* A recent innovation in Internet advertising is “pop-up” advertising.
	+ Companies have developed agreements with Internet service providers, browsers, and web sites that consumers frequently visit.
	+ When that website is visited, an advertisement for the company’s product pops up on the consumer’s computer screen
	+ While it may be an annoyance to some users, companies have found that the pop-up advertisements result in ten times more customer inquiries than other forms of Internet ads.
	+ Checkpoint, pg. 150 - How can the Internet be used for promotion

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