

Spread the Word

Nature of the Promotional Mix

Objectives

- A** Describe the elements of the promotional mix
- B** Explain factors affecting the selection of a promotional mix.



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For as long as she can remember, Katie has loved dogs. She loves walking dogs, playing with dogs, and even bathing dogs. Her grandfather pays her to take his dog for a walk when he can't, and her neighbors often hire her to take care of their dogs when they are away. In short, Katie has found a way to turn an interest into her own small business.

She needs more clients than just her grandfather and neighbors, though, and to attract those customers, she knows that she needs to promote her business. She places an advertisement for her dog-care services on a local newspaper's website and posts about her business on her social media profiles. Also, the newspaper agrees to run a story about her business in next Saturday's issue. She speaks to local community groups about her services for people with dogs. She also offers all new customers a free dog bath with the purchase of an hour of dog-walking. What do all of these activities have in common? They all inform potential customers about her services, and they are all part of Katie's promotional mix.

So What

Mix It Up

The purpose of promotion is to tell customers about a company's goods, services, images, or ideas and persuade them to buy or to form an opinion. A company may have an outstanding product which is priced just right for the market, but if customers don't know about the product, no sales will be made. **Promotion**, therefore, consists of communication activities that inform potential customers about goods, services, images, or ideas to achieve a desired outcome.

Businesses use a variety of communication techniques to send their promotional messages to customers. The specific combination, or blend, of marketing communication channels that a business uses to send its messages to customers is known as the **promotional mix**. Each business's promotional mix is unique, based on a specific set of circumstances and products. A local restaurant, for example, might decide that a combination of newspaper advertising, coupons, and radio commercials is the best promotional mix to use. A Fortune-500 company, on the other hand, may choose to promote its products via Facebook, national television commercials, magazine advertisements, and a NASCAR racing team sponsorship. Regardless of the exact makeup of the promotional mix, the goal is always the same—to communicate effectively with customers.



▲ *Sponsoring a television program is only one element of Home Depot's promotional mix. Can you think of some of the company's other promotional activities?*

Find the Right Blend

Successful marketers carefully blend the elements of the promotional mix for the best possible results. The elements of the promotional mix are advertising, personal selling, publicity, and sales promotion.

Advertising. The most visible element of the promotional mix is advertising—any paid form of non-personal presentation of ideas, images, goods, or services. Advertising helps customers to put a face with a name, no matter if it's a product, a company, an organization, or an idea. Businesses often use advertising to encourage short-term sales, build product awareness, and develop a brand image. It works best when:

- Product awareness is low (e.g., a new product).
- Product features are not obvious to customers.
- A product needs to be differentiated from competitors' products.
- Discretionary incomes are high.
- Overall industry sales are rising.



- ▲ In this advertisement, price is a differentiator that sets DiGiorno's frozen pizzas apart from pizza delivery chains.

Advertising has both advantages and disadvantages. It can reach a large audience in a broad geographic area, and since many people receive the same message, advertising's **cost per contact** is low. Unfortunately, many of these same individuals tune the ads out because of information overload in today's society. Even if they do pay attention to advertising, they may need to see an ad seven or more times before it takes on meaning for them. It is typically difficult to track the results of an advertisement, which makes it challenging to measure its effectiveness. To top it off, advertising is usually ineffective when delivering complicated messages.

Advertising messages can be delivered to consumers through a variety of mass **media**. Examples include:

- Television and radio commercials
- **Product placement**
- Print ads in newspapers and magazines
- Online ads
- Out-of-home advertisements such as billboards and **car wraps**



▲ This visually engaging, creative bus wrap is sure to draw eyes and capture attention on busy streets.

On the Internet, advertising takes many forms:

- A business's own website
- Social media sites
- Banner ads
- Video ads
- Paid listings
- Search engine listings
- Pay-per-click links
- Mobile ads

Advertisements that go straight from a firm to a consumer are called **direct marketing**. Examples include direct mail, catalogs, telemarketing, infomercials, and email. Direct marketing efforts are targeted toward specific individuals and generally are tied to a measurable result, such as increased website traffic or a request for information. The ability to personalize the advertisements and track their effectiveness makes direct marketing one of the fastest-growing forms of advertising.

Has your favorite actor, athlete, or musician ever posted a photo on social media showing off a product that s/he loves, such as a beverage or article of clothing? Did you feel a desire to buy that very product? If so, you may have been influenced by product placement on social media, which is one of the newest and fastest-growing forms of advertising. Influential figures on social media are sometimes paid to show certain products on their social media accounts. Because social media accounts are thought to be personal and authentic, companies hope that consumers will be more willing to believe that their favorite people actually use and endorse these products. Read the article "The Power of Cool and Product Placement in Social Media" by Richie Meldrum to learn more about this phenomenon: <http://mumbrella.com.au/power-cool-product-placement-social-media-250291>.



▲ *What do you think: was this actress paid to display these products on her Instagram account?*

Personal selling. Personal selling is the form of promotion that determines client needs and wants and responds through planned, personalized communication that influences purchase decisions and enhances future business opportunities.

At its core, personal selling is all about building relationships with customers. It's only natural that the starting point for personal selling is determining client needs and wants. By starting with the customer in mind, salespeople can provide the goods or services that will best satisfy that person and gain repeat business.

Selling is personalized communication, which means that it involves interaction between the customer and the salesperson. This interaction can take place face-to-face, by telephone, or by email. Regardless of the means of communication, personal selling is designed to influence purchase decisions—in other words, to make a sale. However, it should not be a strong-arm tactic or simply an attempt by the salesperson to make a buck. It should be focused on fulfilling the customer's needs and wants.



▲ *Building mutual trust and respect is essential in personal selling.*



iStock/Thinkstock

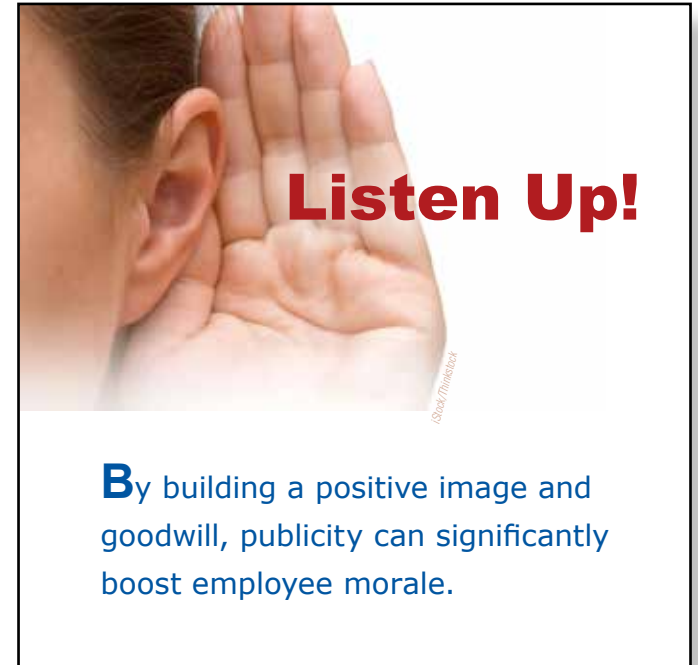
Personal selling is ideal for delivering complicated messages and explaining highly specialized technical products.

On a per-contact basis, personal selling is the most expensive form of promotion. However, the advantages that personal selling has over advertising usually make it worth the cost. These advantages include immediate feedback and flexibility. By watching or listening to a client's reactions to a sales presentation, the salesperson can learn what the individual likes or dislikes about a product. As a result, the salesperson can tailor the presentation to appeal to the particular individual. Another benefit of personal selling is that many customers view it as being more credible than advertising. It's no surprise, then, that personal selling is the most effective form of promotion.

Publicity. Publicity is an identity-building tactic defined as any non-personal presentation of ideas, goods, or services that is not paid for by the company or individual that benefits from or is harmed by it. Like advertising, publicity is non-personal. Little or no direct interaction occurs between customers and the company when the promotional message is received. And, because publicity is often distributed via third-party sources such as the news media, businesses have little control over the message presented to customers, the timing of that message, the location in which the customers receive the message, etc.

However, due to the fact that businesses have little control over these messages, and also because the company does not pay to have its message delivered, customers typically consider the information gained through publicity to be more credible. They pay close attention to publicity and view it as news. Publicity can be used to build goodwill toward a company, as well as to develop a positive image of the business.

Publicity comes in many forms. For instance, favorable press releases and news stories can help to promote a new product. By appearing on a television talk show, an actor or director can publicize her/his new movie. Mention of a company's charitable activities or sponsorships in print or broadcast media can help build good feelings toward the business. Online publicity—both positive and negative—can take the shape of testimonials from actual customers on the company website, blog entries across the Web, company-written white papers, conversations on social media sites, and customer ratings and reviews of the company's products on independent websites and mobile apps. Publicity about a product or company online can have a real impact on customers' actions.



Sales promotion. Have you ever:

- Seen a window display?
- Used a coupon at a grocery store?
- Watched a product demonstration?
- Received an instant rebate?
- Sampled food products at a grocery store?

If so, you are familiar with sales promotion: promotional activities other than advertising, personal selling, and publicity that stimulate customer purchases. Billions of dollars a year are spent on sales promotion activities, including visual merchandising (displays), coupons, in-store demonstrations, cash discounts and price incentives, product samples, contests, introductory offers, and free accessories.

Sales promotions can target either intermediaries or ultimate consumers. Regardless of the target market, though, sales promotions have their advantages. They are measurable, have a low cost per exposure, attract new customers, generate excitement, encourage quick responses, provide added value, and boost repeat purchases. Sales promotions help to sell old stock, and adding a free sample of a new product to an existing product in decline may help to extend the declining product's life cycle.



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Sales promotions that businesses often offer to intermediaries include **merchandizing allowances**, price deals, sales contests, **trade shows, exhibitions**, and **dealer incentives**.

On the other hand, sales promotions are very short-term in nature and not good for delivering complicated messages. Also, they can cheapen a company's image. Businesses must be careful when using sales promotions because they don't want customers to develop a "no bonus, no buy" attitude.



flouronmyface.com

▲ Next time you go grocery shopping, take a free sample. If you like it and decide to purchase some to take home, the sales promotion was effective!

The Promotional Mix Is Pivotal

The promotional mix plays a key role in obtaining customers. An appropriate blend of the promotional elements enables businesses to communicate effectively with customers. It increases brand recognition, raises product awareness, and communicates product benefits. By delivering promotional messages in multiple ways, a business is more likely to reach its target market than it would be using one form of promotion alone.

Marketers not only use multiple elements of the promotional mix, but they also combine them to form blended promotional strategies. One example is **sponsorship**, a promotional activity that occurs when an organization provides money or resources to an event, person, or activity in exchange for affiliation. In other words, an organization pays to have its brand associated with athletes, teams, concerts, charity events, and more. Sponsorships usually integrate most or all of the promotional elements. For example, if a soft drink company is sponsoring a soccer team, it may display the company name on team merchandise, receive publicity when players are interviewed, give away coupons to ticket holders, and sell products at games. Sponsorships lead to cost-effective exposure that is generally well-received by audiences.

Another blended promotional strategy is **guerrilla marketing**, a relatively new alternative to traditional promotional strategies. It includes any promotional techniques that are unconventional, low-cost, and focused on attracting attention. Guerrilla marketing efforts often combine advertising, sales promotions, and publicity. Examples include street art, product ambassadors, and images placed on everyday objects, such as garbage cans or baggage claim belts. Guerrilla marketing can be a creative and cost-effective way for a company or brand to gain awareness.



▲ Using a crosswalk to replicate and promote McDonald's french fries is an example of guerrilla marketing.



Interested in seeing guerrilla marketing in action? Check out "20+ Guerrilla Marketing Examples & Strategies" by Megan Marrs to see several entertaining and effective campaigns: <http://www.wordstream.com/blog/ws/2014/09/22/guerrilla-marketing-examples>.

Regardless of what promotional elements a company chooses, they should be coordinated or blended to form a unified message. All promotional efforts should reinforce the same message, rather than creating contradictions or confusion. This practice is known as **integrated marketing communications**. The right promotional mix that puts forth a strong, unified brand message can drive sales and, ultimately, help the company reach its marketing objectives and goals.

Summary

The promotional mix is a blend of communication channels that a business uses to send its messages to customers. Its main elements are advertising, personal selling, publicity, and sales promotion. By using an appropriate promotional mix, blending elements together, and focusing on an integrated marketing communications strategy, promoters can effectively inform customers about their goods, services, images, or ideas.

TOTAL RECALL

1. Distinguish between promotion and the promotional mix.
2. Explain the four main elements of the promotional mix.
3. What are the advantages and disadvantages of advertising?
4. In what situations does advertising typically work best?
5. What are the advantages and disadvantages of personal selling?
6. What are the advantages and disadvantages of publicity?
7. What are the advantages and disadvantages of sales promotion?
8. What is sponsorship?
9. What is guerrilla marketing?
10. Why is the promotional mix important?

THE GRAY ZONE

Mobile technology has changed the way that marketers advertise, sometimes in controversial ways. Recently, a company in London installed smart recycling bins throughout the city that are enabled with Wi-Fi receptors and electronic displays. The bins use the Wi-Fi connection on people's mobile devices to track individuals' movements over time, recording their habits. Then, the bins target people with electronic display ads based on their behavior. For example, a pedestrian who goes to ABC Coffee Shop every morning on his way to work could be tracked by the Wi-Fi-enabled recycling bins that he passes on his commute. These bins could then display a promotion for XYZ Coffee Shop that might influence him to purchase his coffee there instead.

Some people may appreciate this promotional strategy because it enables them to find products that they will enjoy, rather than being shown irrelevant advertisements. However, some feel that it is a violation of privacy because it is unethical for companies to track customers and gather information about them without clear permission. In response, companies argue that they are not breaking any laws and are simply using data that is already available.

What do you think? Is it ethical for companies to use mobile technology to their advantage and target customers based on their habits? Or should this practice be prohibited to protect privacy?

Factors Affecting the Promotional Mix

Recipe for Success

Marketers attempt to create the ideal blend of promotional activities—the most effective promotional mix for their businesses. In doing so, they must decide which methods will do the best job of reaching customers and communicating the desired message. These are difficult decisions to make because it is hard to determine the effectiveness of the different promotional methods. There is no magic formula that marketers can use to design their promotional mix.

No one promotional element or promotional mix should be considered *the* best. A variety of factors affect the selection and use of appropriate promotional mix elements. Promoters must carefully analyze these factors before deciding when and where to invest money in promotion. These factors include the product being sold, the product's target market, its channels of distribution, and the company itself.



Cathy Yeulet/iStock/Thinkstock

- ▲ Convenience products are often promoted with coupons that help differentiate them from their competitors.

What's for Sale?

A number of different product considerations can affect the choice of a promotional mix. The most common of these are the type of product and its stage in the product life cycle.

Type of product. There are basically four types of products: convenience, shopping, specialty, and unsought. **Convenience products** are items that are purchased frequently with minimal effort. Some examples of convenience products are toothpaste, ballpoint pens, and eggs—all routine buying decisions. Because customers are typically already familiar with these products, personal selling is usually not included in the promotional mix. Instead, advertising and sales promotion are used to promote them.

Shopping products are goods and services such as automobiles, laptop computers, and cell phone plans that are purchased after a customer has made comparisons of competing products. The customer checks prices, styles, colors, and qualities of different products and shops around for the best buy. Personal selling and advertising are often used to promote shopping products.

Specialty products have unique characteristics that are prized by customers who make special efforts to obtain them. Customers who purchase specialty products spend a good deal of time researching before making their selections. Examples include expensive jewelry, rare antiques, complicated medical equipment, and sophisticated computer software.

Specialty products typically require more personal selling so that customers can learn about product features, as well as how to operate the products. Also, in many cases, the image associated with a specialty product determines the type of promotional mix used. Marketers promoting designer handbags and expensive sports cars, for instance, often incorporate distinctive advertising, specialty catalogs, attractive visual displays, and publicity in their promotional mixes.

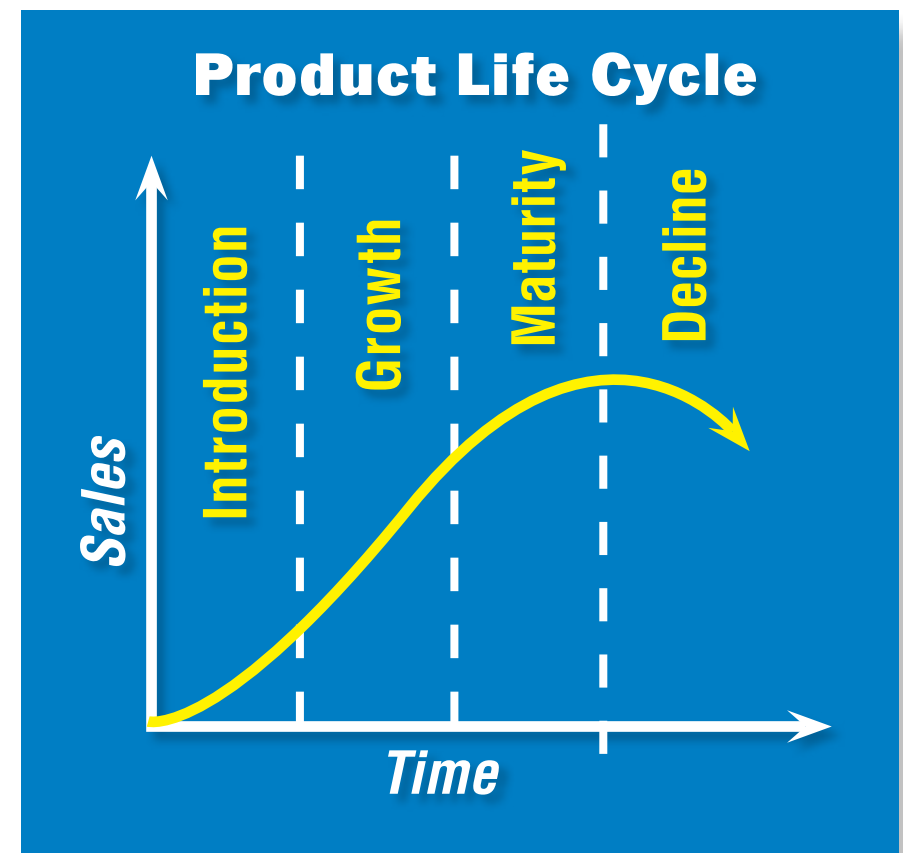


- ▲ Advertisements for high-end fashion products strive to promote an image of luxury and prestige.

Unsought products are those that consumers do not actively seek. Examples include life insurance, long-term health care, or funeral services. To promote these products, marketers must be active and opportunistic so that customers see the need for them. Personal selling and direct marketing are appropriate techniques for unsought products.

Stage of life cycle. Just as people develop and mature by stages, so do goods and services. They go through life cycles that include being introduced to the market, growing, maturing, and declining. The major stages in a product's life cycle are as follows:

1. **Introductory stage.** During a product's introductory stage, the new product is introduced to the market. Promotional efforts are designed to inform customers about the existence of the new product. Sales promotions and advertising are commonly used at this stage of the product's life.
2. **Growth stage.** Competing products appear during the product's growth stage. Promotional activities focus on pointing out differences between products. Advertising is used extensively.
3. **Maturity stage.** At this point in the product life cycle, the product is well-established on the market. Promotion is used to remind customers of the product's benefits.
4. **Declining stage.** During a product's declining stage, newer products enter the market, taking the place of existing ones. Companies may slow or stop production. The little money that is invested in promotional activities is often aimed at maintaining a positive image for the company.



As a good or service moves through its life cycle, its promotional mix needs vary. For example, suppose an organic-food company introduces a new energy bar called the Ready, Set, Go! Bar on the market. At first, the company concentrates its efforts on in-store sampling and coupons to gain customer awareness of the product. As other energy bars enter the market, extensive advertising is used to point out that, in addition to providing consumers with the energy needed to get through the day, Ready, Set, Go! Bars also contain a full-day's serving of many vitamins and nutrients, unlike other energy bars. As the product matures, promotion is used to retain Ready, Set, Go! Bar customers by reminding them that the product is great for camping, hiking, and other on-the-go activities. When sales indicate a significant and steady decline, the amount of promotion spent on Ready, Set, Go! Bars is greatly reduced until one day, the product disappears from the market. As you can see, it is important to use promotional methods that are appropriate for the current life-cycle stage of the product.



Listen Up!

The video "Product Life Cycle" by Investopedia helps illustrate the way that products are promoted during each stage of the cycle: <http://www.investopedia.com/video/play/product-life-cycle/>.

Who's the Target?

The selection of a product's promotional mix is influenced by the product's target market—the particular group of customers who want or need a given product. Business professionals must know their target markets well so that they can plan their promotional mixes appropriately. Specifically, they should consider the type of customer, the number of customers, and the geographic location of those customers.

Type of customer. If a product is used primarily by a personal consumer market, the promotional mix could emphasize advertising, sales promotion, and publicity. Advertising and sales promotion also work well when promoting a product to informed or repeat buyers. However, if the product is used primarily by industrial customers, personal selling must be emphasized.

Number of customers. If a product has few customers, it can be effectively promoted through the use of personal selling. If there are vast numbers of customers for a product, though, advertising and sales promotion would probably work best.

Geographic location. Are the customers located close together? If so, the product can be promoted through personal selling. On the other hand, if customers are spread over a wide area, advertising and sales promotion would probably be used.



▲ *Selecting a target market involves using research to zero in on your ideal customers.*

What's the Channel?

All products move from their producers to customers through channels of distribution that can include **retailers**, **wholesalers**, and **ultimate consumers**. The promotional mix selection is affected by the path that a product takes. If there are multiple intermediaries between the manufacturer and the consumer, more personal selling is used. When the distribution channel is direct from the manufacturer to the ultimate consumer, personal selling and advertising can be used effectively.

In addition to determining which promotional mix elements to emphasize, manufacturers must also decide to whom they want to promote their products. Some producers utilize **push strategies**, meaning that they promote their products to intermediaries who then promote

the products to consumers. For example, a software developer might utilize personal selling to promote (push) its newest technology to intermediaries who promote (push) the computer programs to consumers through advertising and sales promotion.

Manufacturers who utilize **pull strategies** take a different approach. Rather than promoting their products to intermediaries, producers who adopt pull strategies promote their products directly to the ultimate consumer. Let's say that a soft drink manufacturer develops a new flavor of soda. By advertising the new drink on television and placing coupons in newspaper inserts, the company generates consumer interest in the product. As a result,

wholesalers and retailers buy the new soda from the manufacturer to meet consumer demand. The soft drink company pulls demand for its product from the bottom (the ultimate consumer) up.





To deepen your understanding of push vs. pull promotional strategy, read Lisa Magloff’s article, “Push & Pull Promotional Strategy”: <http://smallbusiness.chron.com/push-pull-promotional-strategy-10972.html>.

What’s the Company Like?

A number of factors about a company affect its mix of promotional elements. Some of these factors are historical perspective, available funds, and the company’s competition.

Historical perspective. Many companies rely on their previous use of promotional methods to determine current promotional mixes. They feel that what has been successful for them in the past will continue to work for them. Although this belief may be true, there may be other, more successful promotional mixes which the companies should consider or try.

Available funds. A key factor in the selection of a promotional mix is the amount of money available for promotion. The promotional mix budget affects both the reach of promotion (the number of people exposed) and the frequency of promotion (how often people are exposed to promotion). Businesses that allocate small amounts of money for promotion, such as a small bookstore or gift shop, tend to rely on local advertising and sales promotions, while businesses that allocate large sums of money for promotion—think Walmart, Macy’s, and McDonald’s—can effectively use national advertising.



▲ *One of the most expensive ways to advertise is on television during popular sporting events. These ads can reach millions of viewers, so they are appealing to companies that can afford them.*



Competition. In many cases, competing businesses use very similar promotional mixes. This can be attributed to the fact that many factors affecting the promotional mix will have the same or similar effects on all businesses within the same industry. Competing businesses also tend to follow the leader. For instance, when one restaurant offers free meals for children, you can expect competitors to follow suit.

Summary

The exact blend of promotional mix elements used to promote a product depends on many factors. Some of these factors are the product being sold, the product's market, its channels of distribution, and the company itself.

TOTAL RECALL

1. Explain two product considerations that can affect the choice of a promotional mix.
2. How do customers affect a business's promotional mix?
3. Explain how channels of distribution can affect the promotional mix.
4. Describe three company considerations that affect the mix of promotional elements.

Make It Pay!

Consider three products that you or someone in your family has purchased—one, a convenience product; another, a shopping product; and the third, a specialty product. How are these three different products promoted? Which elements of each product's promotional mix are most dominant? How are the three products' promotional mixes similar? Different? Why?