

Product Promotion

HOW DO BUSINESSES spread the word about themselves to potential customers? Promotions and advertising are key parts to successfully marketing businesses. What is included in these two concepts? It is important to understand all that is involved in promotions and advertising.



Objective:



Analyze promotional strategies.

Key Terms:



advertising
budget
Buy-One, Get-One
(BOGO)
coupons

direct mail
directories
incentives
logo
loss leader

marketing
media mix
promotion
promotional marketing

Understanding Promotional Strategies

Many promotional strategies exist in the marketing world. Businesses must promote their product(s) or service(s) to attract customers.

PROMOTIONAL MARKETING STRATEGIES

Employees who work in the marketing department focus on promotional marketing strategies.

Marketing

Marketing is the way goods move from the producer to the consumer, including promotion, sales, and distribution. Retailers typically increase the size of their regular order from the

manufacturer during a sale or promotion. As a result, the manufacturer's volume sales **incentives** (items used to encourage or motivate people to take action) allow the retailer to offer the item at a reduced price to consumers.

Promotion

Promotion is the act of publicizing merchandise or service through advertising, direct marketing, and/or discounting. **Promotional marketing** is a group of strategies designed to encourage customers to purchase a good or service. More than two-thirds of all firms use some form of promotional marketing.

Promotion is a mix of advertising, public relations, publicity, visual merchandising, discounting, and special events. It is designed to inform, persuade, and remind.

- ◆ Informing includes telling people about new products, changing prices, and new service offerings while creating product awareness and sharing knowledge of the range of company products.
- ◆ Persuading includes informing people about the product features or service benefits and sharing reasons why the product or service should be purchased.
- ◆ Reminding includes retelling consumers where and how items may be purchased and encouraging additional purchases.

Advertising Marketing Strategies

Advertising is the public promotion of a product or service usually through paid announcements. Newspaper advertisements are affordable and effective for small and large retailers. Magazine advertisements, however, offer more widespread notification than newspapers and are primarily used by large retailers and manufacturers. Outdoor advertisements (e.g., billboards, public transit ads, benches, and freestanding signs) are a more permanent and expensive form of advertising.

Direct Mail

Direct mail is printed matter sent to individual prospective customers and preferably customers who are the target market (e.g., teens, moms, parents, or sports fans). Direct mail is associated with junk mail and bulk mail processes (merging of a message with an existing database of customers or individuals). If companies do not know their audience (target market), lots of direct mail goes directly into the recycling bin.



FIGURE 1. Direct mail can include coupons sent directly to customers.

Examples are catalogs, postcards, bill enclosures, newspaper enclosures, brochures, letters, and product samples.

Direct mail reaches those who do not use the Internet regularly. Most people like to receive mail. (The USPS reports that 98 percent of people bring in their mail on the day it is delivered, and 77 percent sort that mail immediately.) Generally, coupons convert to customers. Therefore, direct mail that includes coupons is more successful at bringing people to a store or Web site.

Product Packaging

Product packaging is designed to include the product name, company name, **logo** (a graphic symbol or design to promote products and provide quick public recognition), and a slogan. The logo is often placed on gift boxes and shopping bags.

Radio Advertisements

Radio advertisements are low cost and can be played repeatedly. It can be more difficult to communicate fashion trends through radio ads. However, many companies use radio because it is a low-cost vehicle for promoting special events and sales.

TV, Videos, and DVDs

Television, video, and DVD are great vehicles for fashion advertisements and home shopping services. Videos and DVDs can be set up on a loop (continuous showing) in showrooms or in department stores to attract the attention of customers. Video and DVD advertising is low cost per ad, if the film plays repeatedly.

Web Sites

Web sites are one of the most popular ways to advertise. Companies must attract people to their Web sites. Email messages and reminders offer customers a quick feedback loop to the store, manufacturer, or distributor.

Directories

Directories are listings of individuals or organizations in alphabetical order, with details (e.g., name, address, and telephone number). Specialized directories may be purchased from marketing firms specializing in directories. However, print and online telephone directories attract consumers who are looking for a particular product or company.



FIGURE 2. Directories are organized by alphabetical order.

Discounting Strategies and Incentives

Coupons are a printed or online advertisement and/or promotion cut out (or printed) and surrendered at the point of purchase for a discount on merchandise. Some coupons can be scanned from a smartphone. Coupons are an affordable marketing strategy for small businesses. Last year, 302 billion coupons were issued, and more than 76 percent of the population used coupons.



FIGURE 3. Electronic coupons are becoming more common with the use of smartphones.

Contests

Contests are attractive to customers and are a good strategy to win new and keep old clients. The prize needs to be valuable to the target market. Any contest that requires a purchase to enter is illegal in the United States. County or state government agency regulations and laws should be researched before issuing any contest rules.

Samples

Samples are considered an excellent strategy for creating a “buzz” about a product—new or old.

BOGO

Buy-One, Get-One (BOGO), also known as B1G1, is a type of discounting strategy in which you buy one item at full price and receive the second one free. BOGO is used to draw customers to the store. The BOGO item is often a **loss leader**—a product sold at a low price to stimulate other sales while the customer is in the store; it is a type of sales promotion. The Federal Trade Commission states, “When a ‘free’ offer is tied to the purchase of another product, the price of the purchased product should not be increased from its regular price.”

PRODUCT PROMOTION

When businesses are working on a promotional plan, they must consider their goals and objectives. Their products must be promoted so potential customers are aware that they exist.

Goals

Goals form the basis for promotion planning. Each goal should be clearly stated. Sample goals may include the following details: theme and/or reason for the promotion (e.g., grand



FURTHER EXPLORATION...

ONLINE CONNECTION: Purposes of Direct Mail

Luke Heffron, author of *The 7 Purposes of Direct Mail*, writes about the importance of using direct mail in an advertising campaign. He also discusses different ways technology has modified the use of direct mail. Read the seven purposes by going to the following link:

<http://www.targetmarketingmag.com/article/the-7-purposes-direct-mail-that-sets-mail-apart-from-digital/1>. How did it impact your view of direct marketing?

opening, holiday sale, elegant New Year's Eve outfits, store anniversary, back-to-school, or black Friday), target customer (target market), and geographic location (e.g., nationwide, new store opening, or all Chicago-land stores).

Budget

A **budget** (a financial plan of expenditures) amount includes details of the price point target (e.g., T-shirts for \$2 under the regular price and bulk stock purchases from the manufacturer at a reduced price). Other examples are an advertising vehicle (e.g., direct mail, email, in-store advertising, and/or outsourcing to an advertising firm) and incentives tied to the promotion (e.g., loss leader, coupon, and/or BOGO).

Action Plan

An action plan includes assignments for staff and/or departments to specific responsibilities for the promotion. How will you find leads or a database? Will competitors' customers be targeted, or will the target be existing clients who have not purchased in the past six months? Will a loss leader or discount be part of the promotion? How will it be implemented (e.g., through the manufacturer or through each store)? Who is the target of the promotion? Which incentives work best for the target customer (e.g., coupons, a sample, or a contest)? Others considerations include an activity timeline and assurance that promotional activity falls within state and federal law.

Objectives

Objective examples include the following: It should bring 200 new customers into the store and should bring 400 old customers back to the store. It should sell 800 units of the product and should target a new audience. In addition, it should create \$20,000 in profit in five days. It is important to determine the **media mix** (a combination of communication tools used to promote and/or advertise a product or service) for the promotional activities. This may include radio advertisements, Web site, magazine, newspaper coupons, television advertisements, email reminders, BOGO postcards, and direct mail as well as a timeline of the promotional activities (shown in the Action Plan). The initial newspaper ad occurs two weeks ahead of the sale. Radio ads are daily during the week leading up to the promotion. Direct mail to current customers is to arrive one week prior to the promotion.

Summary:



Direct mail is a form of advertisement that is most effective when sent to a targeted audience. Promotion is publicizing merchandise or service through advertising, direct marketing, and/or discounting. Promotional marketing is a group of strategies designed to encourage customers to purchase a good or service.

Advertising is the public promotion of a product or service usually through paid announcements. Discounting strategies include BOGOs and coupons. Goals form the basis for the promotion planning. Each should be clearly stated. Determine the media mix for the promotional activities. Marketing is the way goods move from the producer to the consumer, including promotion, sales, and distribution.

Checking Your Knowledge:



1. What is an advantage of direct mail?
2. What is the purpose of a coupon?
3. What is the definition of marketing?
4. What is one example of a logo?
5. What are directories?

Expanding Your Knowledge:



Visit a local business and ask for a manager. Interview the manager about marketing strategies used there. Ask a minimum of five questions. Share your findings with your class.

Web Links:



Coupons to Promote Business

<http://www.businessknowhow.com/marketing/couponing.htm>

Promotional Marketing

<http://www.marketing-schools.org/types-of-marketing/promotional-marketing.html>

Online Advertisers

<http://www.nytimes.com/2012/12/02/magazine/who-do-online-advertisers-think-you-are.html>