Chapter 17
promotional concepts and strategies

**Section 17.1**
The Promotional Mix

**Section 17.2**
Types of Promotion
The Promotional Mix

Before You Read

IMAGINE  What might happen if business did not promote their products?
OBJECTIVES

• Explain the role of promotion in business and marketing.

• Identify types of promotion.

• Distinguish between public relations and publicity.

• Explain elements of a news release.

• Describe the concept of the promotional mix.
THE MAIN IDEA

The combination of personal selling, advertising, direct marketing, sales promotion, and public relations makes up the promotional mix.
The Promotional Mix

VOCABULARY

- promotion
- product promotion
- institutional promotion
- promotional mix
- advertising
- direct marketing
- social media
- sales promotion
- public relations
- news release
- publicity
- push policy
- pull policy
The Promotional Mix

Examples of Each Different Type of Promotion

Promotional Mix

Product Promotion

Institutional Promotion
The Promotional Mix

Examples of Each Different Type of Promotion

Promotional Mix

Product Promotion
- personal selling
- advertising
- sales promotion
- direct marketing

Institutional Promotion
- public relations
- company Web site
- community involvement
- charity involvement
Promotion in Marketing

Companies and nonprofit organizations rely on promotion.

**promotion**

Decisions about advertising, personal selling, sales promotion, and public relations used to attract customers.
Promotion Methods

**Product Promotion**

*product promotion*
A promotional method used by businesses to convince prospects to select their goods or services instead of a competitor’s brands.

**Institutional Promotion**

*institutional promotion*
A promotional method used to create a favorable image for a business, help it advocate for change, or take a stand on trade or community issues.
The Promotional Mix

Types of Promotion in the Promotional Mix

- Personal Selling
  - Direct contact
  - Expensive

promotional mix
A cost-effective combination of advertising, selling, sales promotion, direct marketing, and public relations strategies used to reach company goals.
Types of Promotion in the Promotional Mix

**advertising**
A form of nonpersonal promotion in which companies pay to promote ideas, goods, or services in a variety of media outlets.
## The Promotional Mix

### Types of Promotion in the Promotional Mix

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Selling</strong></td>
<td>Direct contact</td>
</tr>
<tr>
<td></td>
<td>Expensive</td>
</tr>
<tr>
<td><strong>Advertising</strong></td>
<td>Advertising is everywhere</td>
</tr>
<tr>
<td><strong>Direct Marketing</strong></td>
<td>Mail</td>
</tr>
<tr>
<td></td>
<td>E-marketing</td>
</tr>
<tr>
<td></td>
<td>Telemarketing</td>
</tr>
<tr>
<td></td>
<td>Social media</td>
</tr>
</tbody>
</table>

### direct marketing
A type of advertising that sends a promotional message to a targeted group of prospects and customers rather than to a mass audience.

### social media
Electronic media that allows people with similar interests to participate in a social network.
The Promotional Mix

Types of Promotion in the Promotional Mix

<table>
<thead>
<tr>
<th>Personal Selling</th>
<th>Advertising</th>
<th>Direct Marketing</th>
<th>Sales Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct contact</td>
<td>Advertising is everywhere</td>
<td>Mail</td>
<td>Coupons</td>
</tr>
<tr>
<td>Expensive</td>
<td></td>
<td>E-marketing</td>
<td>Money-off promotions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telemarketing</td>
<td>Product samples</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social media</td>
<td>Displays</td>
</tr>
</tbody>
</table>

**sales promotion**

All marketing activities, other than personal selling, advertising, and public relations, that are directed at business or retail customers to boost sales.
**Types of Promotion in the Promotional Mix**

<table>
<thead>
<tr>
<th>Personal Selling</th>
<th>Advertising</th>
<th>Direct Marketing</th>
<th>Sales Promotion</th>
<th>Public Relations (PR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct contact</td>
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<td></td>
</tr>
</tbody>
</table>

**public relations**
Activities that help an organization to influence a target audience.

**news release**
An announcement sent to the appropriate media outlets.

**publicity**
Bringing news or newsworthy information about an organization to the public’s attention.
### Types of Promotion in the Promotional Mix

<table>
<thead>
<tr>
<th>Types of Ads</th>
<th>Product or Service</th>
<th>Availability</th>
<th>Seller</th>
<th>Target Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Ad</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet Ad</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Television Ad</td>
<td></td>
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</tr>
</tbody>
</table>
### Types of Ads

<table>
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<th>Product or Service</th>
<th>Availability</th>
<th>Seller</th>
<th>Target Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Ad</td>
<td>Tires for all types of vehicles</td>
<td>Sale July 7–14</td>
<td>Roll-In Tires</td>
</tr>
<tr>
<td>Internet Ad</td>
<td>Cars</td>
<td>Check local dealer</td>
<td>Name-brand car</td>
</tr>
<tr>
<td>Television Ad</td>
<td>Ab exerciser</td>
<td>While supplies last</td>
<td>Flab-Free Zone</td>
</tr>
</tbody>
</table>
### Types of Promotion in the Promotional Mix

Put the number of users and nonusers in the appropriate spaces on the graphic organizer. Why or why not do you use these sites?

<table>
<thead>
<tr>
<th>Social Network</th>
<th>Use</th>
<th>Do Not Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook®</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MySpace®</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LinkedIn®</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YouTube®</td>
<td></td>
<td></td>
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<tr>
<td>Twitter®</td>
<td></td>
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</tr>
</tbody>
</table>
The Concept of Promotional Mix

Discuss the Six Steps of the Promotional Mix
The Concept of Promotional Mix

Discuss the Six Steps of the Promotional Mix

Develop a Promotional Mix

- select promotions
- allocate budget
- measure results
- identify target markets
- determine objectives
- design message
## The Concept of Promotional Mix

**Graphic Organizer**

Indicate the location of the ads and compare and rate the ads according to the criteria in the chart. Predict whether the ads created sales and were measured for results.

<table>
<thead>
<tr>
<th></th>
<th>Ad #1</th>
<th>Ad #2</th>
<th>Ad #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realistic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coordinated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complement each other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build awareness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reach the target market</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured for results</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. **Explain** why promotion is an important marketing function.

   Promotion is an important marketing function because it is used to inform, persuade, or remind people about a company’s products and its image.
2. **Identify** when to use product and institutional promotion.

Product promotion is used to convince people to buy or use a certain product. For example, if a company has come out with a new product, they would use product promotion to make people aware of the product. Institutional promotion does not directly sell a product, but is used to create a favorable image, which can result in sales. For example, a company develops a Web site for customers to learn more about the company’s environmental and social responsibility initiatives.
3. **Contrast** the push and pull policies in promotional mixes.

The push concept depends on the manufacturer to get distribution channel members to purchase products. It relies on a mix of personal selling, advertising, and buying discounts. The pull concept directs promotion to potential consumers or relies on advertising geared to consumers and consumer sales promotions such as coupons, premiums, samples, and demonstrations.
Before You Read

CONNECT  What promotional tie-ins or loyalty programs have you participated in?
OBJECTIVES

• Define sales promotion.

• Explain the use of promotional tie-ins, trade sales promotions, and loyalty marketing programs.
Sales promotion includes different techniques to increase sales and inform customers about a company’s products.
Types of Promotion

VOCABULARY

- sales promotions
- trade promotions
- consumer promotions
- coupons
- premiums
- incentives
- promotional tie-ins
- loyalty marketing programs
- kiosks
Types of Promotion

Examples of Different Types of Sales Promotions

- Sales Promotions
  - Trade Promotions
  - Consumer Promotions
Types of Promotion

Examples of Different Types of Sales Promotions

- **Sales Promotions**
  - **Trade Promotions**
    - allowances
    - advertising
    - quotas
    - sales force promotions
    - trade shows
  - **Consumer Promotions**
    - coupons, premiums, deals,
    - incentives, samples, tie-ins,
    - cross-selling, sponsorships,
    - product placement,
    - loyalty programs, displays
Sales Promotions

Sales promotions are usually supported by advertising activities that include trade promotions and consumer promotions.

sales promotion
All marketing activities, other than personal selling, advertising, and public relations, that are directed at business or retail customers to boost sales.
# Sales Promotions

<table>
<thead>
<tr>
<th>Trade Promotions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Allowances</td>
</tr>
<tr>
<td>Cooperative Advertising</td>
</tr>
<tr>
<td>Slotting Allowances</td>
</tr>
<tr>
<td>Sales Force Promotions</td>
</tr>
<tr>
<td>Trade Shows and Conventions</td>
</tr>
</tbody>
</table>

**trade promotions**

Sales promotions designed to get support for a product from manufacturers, wholesalers, and retailers.
Types of Promotion

Sales Promotions

**Consumer Promotions**

*consumer promotions*
Sales strategies that encourage customers and prospects to buy a product or service.
Types of Promotion

Sales Promotions

Consumer Promotions

- **Coupons**
- **Premiums**
- **Deals or Price Packs**

**coupon**
A certificate that entitles a customer to a cash discount on goods or services.

**premium**
Low-cost item given to consumers at a discount or for free.
Types of Promotion

Sales Promotions

Incentives
Product Samples
Sponsorship

**incentive**
A higher-priced product, award, or gift card that is earned and given away through contests, sweepstakes, special offers, and rebates.
Sales Promotions

**Promotional Tie-Ins**

Activity that involves sales promotions between one or more retailers or manufacturers; also called cross-promotion or cross-selling.

**Product Placement**

**Loyalty Marketing Programs**

**Promotional tie-in**

A marketing program that rewards customers by offering incentives for repeat purchases, such as a frequent flyer.
Types of Promotion

Sales Promotions

**Consumer Promotions**

- Online Loyalty Marketing Programs
- Point-of-Purchase Displays *(Kiosks)*

**kiosk**

A point-of-purchase display that is a stand-alone structure.
Sales Promotions

Three Different Types of Premiums and Descriptions
Sales Promotions

Types of Promotion

Three Different Types of Premiums and Descriptions

- **Factory packs**: free gifts placed in product packages
- **Traffic builders**: low-cost premiums given away at special events
- **Coupon plans**: ongoing programs offering premiums in exchange for labels or coupons from a product
## Types of Promotion

### Sales Promotions

#### Examples of Each Type of Consumer Promotion

<table>
<thead>
<tr>
<th>Coupons</th>
<th>Premiums</th>
<th>Deals</th>
<th>Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Samples</td>
<td>Sponsorship</td>
<td>Tie-Ins, Cross-Promotion, Cross-Selling</td>
<td></td>
</tr>
<tr>
<td>Loyalty Programs</td>
<td>Online Loyalty Programs</td>
<td>Point-of-Purchase Displays</td>
<td>Product Placement</td>
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Sales Promotions

### Examples of Each Type of Consumer Promotion

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</tr>
</thead>
<tbody>
<tr>
<td>Magazine Online</td>
<td>Discounted Traffic builders</td>
<td>Short-term price reduction</td>
<td>Contests Sweepstakes</td>
</tr>
<tr>
<td><strong>Product Samples</strong></td>
<td>Sponsorship</td>
<td><strong>Tie-Ins, Cross-Promotion, Cross-Selling</strong></td>
<td><strong>Product Placement</strong></td>
</tr>
<tr>
<td>Toothpaste Shampoo</td>
<td>Concert</td>
<td><strong>Jack in the Box</strong>° teamed with Dr. Pepper®</td>
<td><strong>Television series</strong></td>
</tr>
<tr>
<td>Deodorant</td>
<td>Car racing team</td>
<td><strong>Point-of-Purchase Displays</strong></td>
<td><strong>Movie Sporting event</strong></td>
</tr>
<tr>
<td><strong>Loyalty Programs</strong></td>
<td>Online Loyalty Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequent buyer Reward</td>
<td>Yahoo awards points to buyers</td>
<td>High-traffic areas Promote impulse purchases</td>
<td></td>
</tr>
<tr>
<td>Frequent shopper</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

*°* Jack in the Box is a registered trademark of饮料公司.
1. **Contrast** trade promotions and consumer sales promotions.

   Trade promotions are sales promotion activities designed to gain manufacturers’, wholesalers’, and retailers’ support for a product. Examples include promotional allowances, cooperative advertising, slotting allowances, sales force promotions, buying allowances, trade shows, and conventions. Consumer sales promotion activities are designed to encourage individual customers to buy a product. Examples include cross-selling, coupons, premiums, incentives, samples, sponsorship, product placement, loyalty marketing programs, and point-of-purchase displays.
2. Contrast contests, sweepstakes, special offers, and rebates.

Contests and sweepstakes are different types of games. Contests require participants to demonstrate a skill; sweepstakes are games of chance. Special offers and rebates are discounts offered by manufacturers to customers who purchase a product or service during a given time period.
3. **Explain** why a business would want product placement in entertainment media.

Product placement allows viewers to see the product used or hear it discussed in an actual situation in an entertainment medium potentially viewed by millions. Because technology allows viewers to skip over paid TV advertisements or leave the area when ads are playing, product placement ensures that the product will at least be seen.