

Week 10: Promotion Decisions

Promotion: communication to build and maintain relationships by informing and persuading one or more audiences.

Communication process

Communication: a sharing of meaning - the transmission of information

Source/sender: a person, group or organisation with a meaning it tries to share (e.g. salesmen)

Encoding process: converting meaning into a series of signs and symbols that are meaningful to the intended receiver (e.g. images used for children)

Communications channel: the medium of transmission that carries the encoded message from the source to the receiver or audience (e.g. using radio to reach those in the country)

Channel capacity: the limit on the volume of information a communication channel can handle effectively

Decoding process: converting signs or symbols into concepts and ideas

Receiver: the individual, group or organisation that decodes a coded message (e.g. customer)

Noise: anything that reduces a communication's clarity and accuracy (e.g. bad reception on phone, graffiti on billboards)

Feedback: the receivers response to a message (e.g. customer nodding to salesperson, reviews)

Integrated marketing communications (IMC)

IMC: the coordination of promotional efforts for maximum informational and persuasive impact on customers.

Factors involved in setting an IMC program:

Objective promotion -> message appeal styles -> selecting marketing communication mix elements

Objectives of promotion

To inform:

- Create awareness (e.g. vegemite asking for names for new product creates awareness of new product)
- Identify prospects

To persuade:

- Stimulate demand (e.g. sales, discounts)
- Encourage product trial (e.g. free samples)
- Reduce sales fluctuations (e.g. lower prices for lunch/dinner weekdays/weekends)

To remind:

- Retain loyal customers (e.g. loyalty cards)
- Combat competitive promotion efforts

Marketers needs to determine what their objective for their communication is before beginning IMC as it'll help them decide message appeal style and communication tools.

Message appeal styles

Depending on characteristics of target audience, the communication channel and objective of promotion marketers may choose which message appeal style they would like to use.

Rational appeal:

- Promotes factual information
- Shows functions and benefits of product (e.g. quality, value, performance)

Emotional appeal:

- Stir emotions such as humour, fear, warmth, irritation and sexual arousal

Moral appeal:

- Relies on our sense of 'what is right or wrong' (e.g. smoking and drinking)

Selecting elements for the marketing communication mix

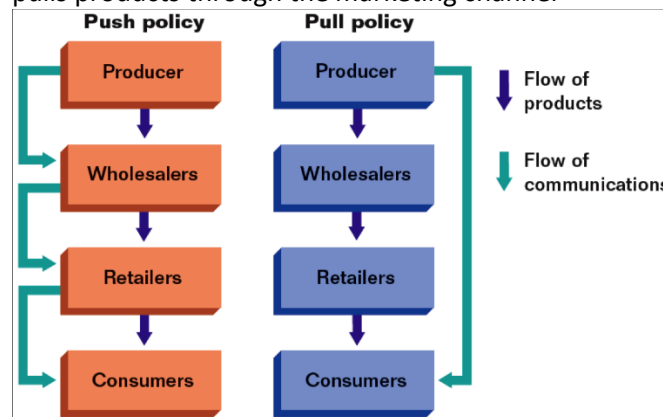
Factors and conditions affecting the selection of elements that an organisation uses for a specific marketing communication mix:

- Resources, objectives, policies: basing mix on budget, goals, stage of PLC etc.
- Characteristics of the target market: includes size, geographic, distribution, demographic characteristics
- Characteristics of the product: includes price and personal nature of the product
- Cost and availability of promotional methods: some promotion types are more expensive than others
- Push and pull channel policies

Push and pull channel policies

Push policy: promoting a product only to the next institution down the marketing channel

Pull policy: promoting a product directly to consumers to develop strong consumer demand that pulls products through the marketing channel



Developing an advertising campaign

Advertising campaign: a series of ads in various advertising media reaching a particular target audience.

1. Identify and analyse the target audience: may include details such as geographic, demographic characteristics. It may encompass an entire target market, or only a portion of the target market. It establishes a base for the campaign.
2. Define advertising objectives: determines what the company hopes to accomplish with the campaign and guides campaign development. It should be clearly defined in measurable terms and contain benchmarks. (e.g. gain market share, profit margins)
3. Create advertising platform: consists of basic issues or selling points to include in the campaign. A single ad may contain one or more selling points from the platform. It does not indicate how to present the selling points or issues. The issues or selling points should be important to customers.
4. Determine advertising appropriation: relates to setting the advertising budget. Takes into consideration the type of product, geographic size of the market and the company's position within the market. The budget involves money and time allocated for the campaign. (e.g. advertising LV in Vogue)
5. Develop media plan: a media plan specifies media vehicles and a schedule for running ads. Focuses on how many people in the target audience will be exposed to a message. Determines the frequency of message exposure. The primary goal is to reach the largest audience with available budget. (e.g. advertising pizza hut around dinner time)
6. Create advertising message: determines the basic content and form of the advertising message. Takes into consideration product features, uses and benefits. Characteristics of the

target audience influence both content and form of the advertising message. Forms may include copy, artwork and sound.

7. Execute campaign: requires extensive planning and coordination. Campaign execution adhere to detail schedules established in the media plan. (e.g. airing television campaigns, unveiling billboards)
8. Evaluate advertising effectiveness: can occur before (pre-test), during or after (post-test) the campaign. Evaluation of effectiveness is measured against the advertising campaign objectives. Organisations can use sales data comparisons to estimate the effectiveness of a campaign.

Recognition test - A post-test in which respondents are shown the actual advertisement and asked whether they recognise it

Unaided recall test - A post-test in which respondents identify advertisements they have recently seen but are given no recall clues to help them remember

Marketing communication tools

A combination of marketing communication methods used to promote a specific product.

- Advertising
- Personal selling
- Product placement
- Digital marketing
- Sales promotion
- Public relations
- Word of mouth

Product placement: strategic location of products within TV programs or other entertainment media content to reach the product's target market

- Subtle and powerful communication
- Easy to use and effective, as audiences are already pre-segmented by their choice of viewing
- Can add realism to programs, and can be misleading but still big business
- Falls outside to traditional consumer protection laws and professional codes of conduct

Public relations: communication efforts used to create and maintain favourable relations between an organisation and its stakeholders

- Mainly aim to enhance the image of the total organisation or to maintain positive public perceptions

Because of benefits of good PR, it is essential that organisations evaluate the effectiveness of their PR campaigns.

Marketers should have policies and procedures in place to manage unpleasant situations and negative events.

However, PR should not be viewed as tools to be used during crisis.

Publicity-based PR tools

Publicity: communication in a news story form about the organisation, its products, or both, and transmitted through a mass medium at no charge.

- News release: short piece of copy publicising an event or a product
- Press conference: a meeting used to announce major news events to the media
- Featured article: manuscript of up to 3000 words prepared for a specific publication
- Captioned photograph: a photo with a brief description of its contents

Sponsorship

Event sponsorship: when an organisation contributes financially to a special event to gain positive publicity

Common types of sponsorships:

- Social sponsorship: to influence customers perceptions of their socially responsible merits or to improve their image
- Arts sponsorship
- Sports sponsorship

Typical objectives for sponsorship is to enhance the brand image and customers' perception of their brand

Personal selling

Paid personal communication that attempts to inform customers and persuade them to purchase products in an exchange situation

- Most precise focus on sales prospects and interpersonal communication is most effective
- Often the closest relationship with customers
- Provides greatest freedom to adjust message
- Usually most expensive element in the promotion mix
- Feedback from salesperson can improve marketing mix

Sales promotion

An activity and/or material meant to induce resellers or salespeople to sell a product, or get consumers to buy it

Direct inducement that offers extra value or incentive to sales force, business market or end consumer, with the primary objective of creating an immediate sale

If properly designed, sales promotion can build short-term excitement and long-term consumer relationships

e.g. loyalty programs, sales, discounts

Word-of-mouth

Personal, informal exchanges of information that customers share with one another about products, brands and companies

- WOM is not part of an organisation's marketing communication mix since they cannot full control what is being said
- Increasing use of internet to share opinions about goods, services and companies
- Not effective in all product categories