

## Chapter Ten – What are the options for promoting products and services?

We have already discussed the importance of performing upstream marketing activities prior to performing downstream marketing activities. Promotion takes place in the intermediate and later stages of marketing planning because promotion requires:

1. first a definition of the target audience
2. second, a description of the benefits to be delivered to that target audience
3. third, clear objectives about what the program aims to accomplish, and
4. fourth, a strategy to be employed to communicate with that target audience and accomplish the objectives.

This process may seem backwards to some who would expect to make the media decision first. That is, if an organization is sales-driven, it would first attempt to perform number four above. However, a market-driven firm realizes that it must perform the first three steps prior to media choice.

### Definition of the target audience

Traditionally, the role of promotion has been identified as to ‘inform, persuade, and remind.’ While these stages are always necessary, often one or the other has taken place prior to the creation of a promotion program. For example, most consumers in the U.S. culture are aware of and understand the benefits of Coca-Cola and where to find the product, so informational advertising may not be necessary (<http://www.cocacola.com/>). However, Coca-Cola must continually work hard to keep its name in front of consumers and remind them that the product is available and that it will provide the consumer with certain benefits. “Reminder advertising” is often placed by market leaders to support other promotional campaigns that are in progress. Thus, Coca-Cola is committed to constant advertising, although most consumers are aware of the product in over two hundred countries (see <http://www.cocacola.com/>). When you think of target markets, realize that they are always changing. People age and change over time, therefore, target markets do the same thing. So, new Coca-Cola ads while persuading and reminding a portion of the target market, also continually inform a certain part of the target market who due to age or culture are not aware of the product yet.

History shows that market leaders can quickly lose their competitive position if they don’t constantly keep their name in front of their target market. This is particularly true with today’s media saturation and intense competition. As we discussed in Chapter Three, the target audience for consumer products is usually defined in terms of demographic, psychographic, geographic, and behavioristic attributes. Once we have clearly defined the target market, we create marketing programs to communication with members of the target market.

## **Description of benefits to be delivered to the target market**

It is imperative to understand what benefits (not product features) the target market will receive by buying our product or service and this description should be crafted in words that communicate these benefits to members of the target market. Thus, the notion of “empathy” with the target market becomes critical. If we don’t really understand our customers well, it will show in our attempts to communicate with them. For example, if our target market first seeks the minimization of financial risk in their purchase, we might choose to provide a thirty-day money back guarantee. Whereas, if our target market is more interested in minimizing technological risk in their purchase, we might choose to decrease this perceived risk by providing a twelve-month ‘technology trade-up program’ or adopting promotion comprised of user testimonials dealing with the product.

## **Clear objectives about what the program aims to accomplish**

Setting objectives for promotion programs is a critical part of achieving success. However, in practice, setting objectives sometimes destroys creativity associated with the promotion program. Thus, while we strongly recommend formulating objectives that will guide the promotion program, we caution promotion managers to avoid an approach that is too rigid and quells the creative process.

Objectives for promotion programs can be either sales-oriented objectives or communication-oriented objectives. That is, we can either identify specific targets we wish to meet in terms of increased sales or specific targets we want to attain in terms of communicating with the target audience for the program.

## **Strategy to be employed to communicate with the target audience**

Just as in planning, the word ‘strategy’ is used in several different ways in promotion management. First, strategy can refer to an overall game plan or orientation to the promotion program. For example, a company might discover through research that their target customers seek reliability above all other attributes thus the organization might adopt a strategy of ‘emphasis on reliability.’ On the other hand, an organization might adopt a ‘direct mail strategy’ if it finds that direct mail would be the best way to reach its customers. Hence, use of the word ‘strategy’ has no guidelines and can confuse the issue. We recommend that when the reader uses the word strategy, the reader provide an explanation regarding how the strategy would be implemented. This leaves no doubt regarding the word’s meaning. Communication objectives can be driven by measures such as product awareness, knowledge (of certain attributes or benefits) or preference. Each of these measures can be used to assess how effective promotional efforts have been in attaining their objectives.

## **The Promotion Mix**

Traditionally, we employ a promotion mix to effectively budget and distribute funds for promotion. The promotion mix includes the following components:

- a) Advertising – paying for space in a medium such as a newspaper or trade journal
- b) Personal Selling – a face to face contact with a customer
- c) Sales Promotion – any program that provides additional incentive for the customer to make a purchase
- d) Publicity – obtaining space in a medium such as a newspaper in which we do not have to pay for the space based on the newsworthiness, or other characteristic of the article printed.

When creating a promotion program we attempt to meld the four elements together in a cogent way so that each element supports the other and provides the target audience with a consistent message over time. This practice is called 'integrated promotion management' or 'integrated marketing communications.'

For organizations marketing convenience goods in consumer markets, advertising usually accounts for the largest proportion of the promotion mix, whereas, personal selling traditionally comprises the largest expenditure for organizational markets.

## **Creating Successful Promotion Programs**

As discussed above, there are four steps to creating successful promotion programs:

- 1) a definition of the target audience
- 2) a description of the benefits to be delivered to that target audience
- 3) clear objectives about what the program aims to accomplish,
- 4) a strategy to be employed to communicate with that target audience

For example, Marie's Gift Shop is a small store in downtown Manitou Springs, Colorado. Marie's parents opened the shop and named it for their newborn daughter in 1968 and the shop has operated continuously since then. Marie, after earning a college degree with a major in marketing, was asked by her parents to manage the gift shop so that her parents could retire. Marie accepted this challenge although she had two small children and was a single mother. Marie realized any funds spent for promotion must yield results in the form of increased sales. The first step for Marie was to determine who the target audience for any promotion would be. Having worked in the shop part-time for many years, Marie believed that most her customers were from the local Manitou

Springs area although a significant proportion of customers in the summer were tourists. She commissioned a small marketing research study with her former university to explore her customer base. Two of the research questions for this study were “(1) Who are our present customers and (2) why do they buy from us?” The marketing research study found the answers to these questions were that over seventy percent of the current customers were from the Manitou Springs area and had been customers of Marie’s Gift Shop for over two years. The study also indicated that most of the customers purchased gifts for immediate family and friends for traditional gift-giving occasions including birthdays, weddings, and Christmas. Thus, after the marketing research study, Marie defined her target audience as ‘Present customers with a ZIP code in the Manitou Springs city limits and ZIP codes contiguous to the Manitou Springs ZIP codes. Marie also realized that she should begin to keep a Customer Information System that would enable her to communicate regularly with her present customer.

Another of the questions in Marie’s study was ‘Why do you make purchases from Marie’s Gift Shop?’ One of the responses to this question on the survey was “I am familiar with the Ruohonen family.” Over sixty percent responded affirmatively to this question indicating that one of their main buying motives was to ‘support local businesses’ and that the customer ‘enjoyed visiting with members of the Ruohonen family.’ Thus, most customers were already familiar with Marie’s Gift Shop before buying from the shop.

Therefore, the three primary benefits customers were seeking were determined to be:

- a. experience personalized service from a familiar source
- b. support local merchants like the Ruohonen family
- c. obtain a unique gift

After a meeting with a local marketing communications firm, these benefits were used as a guide for creating a promotion strategy for Marie’s Gift Shop. Marie’s decided to adopt this approach as a long-term strategy and committed to this strategy for a three year period, thus, adoption of a promotion strategy should not usually be seen as short-term.

We will discuss this promotion program in more detail in a later chapter.

## **Overview of Advertising**

As indicated above, advertising can be defined as communicating with target audiences through paid, non-personal messages, usually placed in a mass medium. Advertising is the easiest but absolutely, more expensive alternative for marketing communications. That is, the initial outlay for an advertising campaign may be the most expensive option for promotion. However, advertising may

possibly provide the lowest 'cost per contact.' For example, usually audiences are measured by using a figure known as CPM or cost per thousand (the 'M' denotes use of the Roman numeral designation for one thousand.) See the appendix to this chapter: An easy guide to audience measurement.

If you do an internet search on the word, 'advertising', you will find many different references and categories presented there. Some researchers estimate that by the age of eighteen the average person in the U.S. was viewed well over one million advertisements and that figure is probably very low if we consider all commercial messages to which we are exposed in the U.S. What are the implications of this staggering statistic? First, most of us consider ourselves 'experts' in advertising because we have seen so many ads. However, to be truly expert, one must understand and develop the attribute of 'empathy.' Empathy is simply being able to understand another person's feelings and reactions to events in his or her environment. It is easy to feel sympathy for someone who is only twenty-one years old but dying of cancer. However, it is much more challenging to understand how that person must *feel*. This example demonstrates how fundamentally unimportant most advertising is to the average person. However, advertising is sometimes very important to us as individuals. Why? First, we often use advertising as a way to identify right and wrong behaviors: both fundamental and minor behaviors in society. For example, some ads give us cues about 'what is cool' and what is 'not cool' in everyday behaviors. You might want to access <http://www.nickatnight.com/> and click on the index and go to the 'retromercials' section found in 'Tvlant' (<http://www.tvland.com/TVL.jhtml>) to see commercials that for the most part are over thirty years old. Can you identify how 'cool behavior' and 'uncool behavior' have changed in the last few decades?

Also, you might want to access Advertising Age Magazine online at <http://www.adage.com/> and also check out a history of advertising at ([http://www.adage.com/news\\_and\\_features/special\\_reports/](http://www.adage.com/news_and_features/special_reports/)) to get some perspective on how TV advertising has changed and developed over the last several decades.

The tobacco industry continues to advertise heavily through alternative means that avoid regulations of the Federal Trade Commission (FTC), thus easily avoiding the law, while continuing to advertise a product proven hazardous to the health of its users. For example, note how the motion picture industry continues to accept money to feature its products in films. Review the following article found at:

<http://www.ftc.gov/os/comments/tobaccocomments2/siegelmichaelmdmph.htm>

Also, the reader might want to review the website of a company that has as its core business the 'placement' of products in various media vehicles. ( review: [http://www.productivity.net/Company\\_Profile.htm](http://www.productivity.net/Company_Profile.htm))

## Overview of Personal Selling

Personal selling is the worst nightmare most of my marketing students have about a career in marketing. Why? I think they see personal selling as a low status, low paid career full of disappointments and lack of personal freedom. In one way the students are correct, almost any career in personal selling is going to have many disappointments if one defines a customer not saying 'yes' instantly as a disappointment. However, a career in personal selling can yield a most rewarding professional life if a person can develop a strong self-esteem and truly believes in what s/he is selling. As Peter Drucker, a leading writer in marketing and management, has said: "(true)... marketing involves almost no selling." Mr. Drucker refers to the fact that if a marketer does his or her job and understands and delivers a product or service solution that the customer is truly seeking, it only remains for the marketer to explain how this solution will provide the benefits sought, and the customer is then willing and eager to buy. Why does this sound so unrealistic to many of us? Because, as consumers, we rarely experience a solution that is so well researched or a seller who values the customer this much. As mentioned earlier in the text, most companies in the U.S. are sales driven and not market driven, so that their primary concern is not customer satisfaction but selling the customer what the company has available to sell. Therefore, it is no surprise that many consumers are dissatisfied with the product and services they buy. However, as competition forces organizations to be more customer-oriented, the remaining firms that are solely sales-driven will eventually disappear from the economic landscape.

Traditionally in personal selling, organizations follow a process from the time preceding customer contact to the time following the sale, including some follow-up activity. In many organizational markets, this follow-up stage is called 'post-sales support' and is one of the most effective methods for keeping customers. Investing in retaining current customers is much more cost-efficient than ignoring current customers in search of new customers. This approach, used historically with many consumer products is called 'churning' and is adopted by sales driven firms. New and used car sales are examples of product categories that used the churning method for decades, although, due in some cases to the efforts of new car manufacturers, this practice is becoming less popular. New car manufacturers are recognizing that their long-term success depends on building and nurturing a diverse customer base. This requires on-going customer research and an honest commitment to customers in all production and services systems that are responsible for delivering customer satisfaction. Today this commitment is still rare, but in the future it will be essential. Check out the website for Saturn automobiles (<http://www.saturnbp.com/index.jhtml>) to observe the efforts put forth by this company to be truly customer-oriented. For example, check out the "My Saturn" section on the Saturn website.

Many firms view the personal selling process as a 'sales funnel,' that is, the process begins with many different possible customers, and narrows over time to more specific customers who are first identified as 'qualified prospects.' A *qualified prospect* can be defined as an individual, family, or organization that is likely to be seeking the benefits we seek to provide and has the ability to obtain those benefits by entering into a relationship with our organization. Thus, locating and identifying qualified prospects becomes a primary function of the marketing or sales effort. However, we must remember that if an organization is truly marketing oriented, this process is made much easier because the customer profile created early on in product or service development has already given clear definition to our target customers.

After identifying qualified prospects, it remains to contact these prospects and consult with them about our chosen solution to their product needs in terms of the benefits they are seeking which we aspire to provide. Thus, while the 'sales funnel' begins with a profile of our target customer and the benefits that s/he wants, the number of prospects decreases as we proceed through the sales process. As we gather more information about what customers we can better satisfy, we continually use this information as feedback to more precisely align our solution with the benefits sought by our target market. The 'delivery system' of the organization must strive to maintain flexibility throughout the personal selling process and be capable of adjusting the product solution to meet needs of customers as the organization gains better resolution about what those needs are exactly.

Most traditional models of the selling process have the process culminate in a 'presentation' and then proceed to a 'feedback' stage that occurs after a presentation and purchase. While this approach to modeling the process is helpful, it denies the required dynamic nature of customer relationships and often is too inflexible to be of maximum use. That is, as we learn more about exactly what benefits our customers are seeking, we must continually adjust our product or service offering to better provide those benefits. For example, a response to feedback from customers in a restaurant that 'this place is too smoky,' must be forthcoming very quickly if the restaurant is to be successful. While this response is not as easy with tangible products, especially high technology products, organizations marketing such goods must always aspire to solicit this kind of feedback and respond to it as quickly as possible.

For more information on personal selling and sales management consult the two topics at the following website:

### **Overview of Sales Promotion**

Because we define sales promotion as "any added incentive designed to inform, persuade or remind a certain portion of the target market," sales promotion ends

up being a large, catch-all category including coupons, special offers, customer sweepstakes, and many other promotional activities. These activities are used both in consumer markets and organizational markets although the methods often differ. For example, if one reviews the local Sunday paper, one will find almost countless coupons included by advertisers to encourage customers to buy. However, only a very small percentage of these coupons are ever even seen let alone exchanged by consumers. In organizational markets, companies often spend large amounts of money on trade shows which are regional, national, and international expositions that usually share a common theme such as an industry (for example, see <http://www.key3media.com/comdex/>) or some other theme (for example, see <http://search.yahoo.com/search?p=international+trade+shows&n=25> ).

You might also want to check out this website that operates in the United Kingdom (<http://www.isp.org.uk/welcome.html>), it is an industry sponsored web presence.

### **Overview of Publicity**

Publicity differs from advertising in that the advertiser does not pay for the space in the medium or publication with publicity. That is, a new feature is placed because it ostensibly will be of interest to the readers of the publication. Check out this website for an example of a firm that does publicity exclusively: <http://www.publicity.com/mri/>.

There are also public service announcements that often attain similar objectives. The challenge with publicity is preparing an article that is newsworthy and of interest to the readers of a publication. Obtain a copy of a local newspaper, and see if you can find an article included in the newspaper that you believe was published without a charge to the advertiser based on its interest to readers. For example, the Gazette in Colorado Springs, Colorado (<http://www.gazette.com/>) publishes an article on a new car every week. This article is usually published without a charge to the manufacturer of the car because the editors of the Gazette believe that readers will find the article newsworthy and of special interest. The same may be true of articles containing restaurant and movie reviews.

The main requirement of obtaining publicity in most media is that the article placed should be newsworthy and credible and of special interest to viewers or readers.

### **Formulating an Integrated Marketing Communications Plan**

The primary challenge in promotion management is the integration of all activities directed at communicating with one's various audiences so that the organization presents a consistent understandable image to those groups. We say

'audiences' because at any given time, the organization may be communicating with its customers, suppliers, employees, competitors, and the general public in several different contexts. It is imperative that the organization create and reinforce a clear image in the marketplace. Thus, all communications should be centrally produced and managed. This is not to say that there will not be creativity in individual marketing communications efforts, only that these efforts will have agreed upon guidelines so that all of the different groups with which the organization communicates are given a consistent image of the organization.

After different parts of the organization agree upon what image the organization seeks to attain, an integrated marketing communications (MARCOM) program can be established and implemented. All components of the promotion mix then have some underlying concept to reinforce. For example, in the example of Marie's Gift Shop described above, Marie wanted to make sure that all communications with customers, employees, and suppliers used the same logo and letterhead. Marie also realized that an emphasis on personal service, the availability of unique products, and the consistency of local ownership would be critical to maintain her chosen organizational image. We will describe Marie's chosen MARCOM program at length later on.

### **A Note on Positioning**

As we have indicated, it is essential to know who the target customer is and what benefits s/he is seeking. For example, there is usually a temptation to ignore this requirement and attempt to 'be all things to all people.' For example, recently a group of MBA students at a university decided to enter into a business venture together. Several students in the group had managed to save some funds through various means. Two students had recently left military service and two others had received a 'departure bonus' from a high technology firm. The students agreed that they wanted to open a restaurant together. When asked who their target market would be the students responded "Well, everyone who eats." Obviously, this definition of a target market is too broad and provides insufficient guidance about the "Five W's and H" (who, what, when, where, why, and how) of the whole concept of the business. The students needed to more clearly define the concept of the restaurant and precisely who they were expecting to serve in the business. For example, the needs of those who are searching for 'a fast lunch' will differ significantly from those who aspire to 'relax and talk' over their lunch. It would be difficult to position a restaurant to simultaneously meet all of these needs well.

## **Chapter Nine Exercises**

1. Visit a Saturn dealership and another new car dealership and write a one-page summary of your experiences paying particular attention to sales-driven versus customer-driven behavior on the part of the salesperson or salespersons you met.
2. Obtain a magazine advertisement for which you think the target market is clearly defined and comment on what you believe are the characteristics of that target market.
3. Obtain three magazine ads, one that primarily is designed to 'inform,' one that tries to 'persuade,' and one that 'reminds.'
4. Visit the Nick at Night website described in your chapter and view two 'retromercials' on that site. Write a one-page essay on how you believe advertising has changed since your chosen retromercial aired.
5. Go to a grocery store and interview the manager there. Ask the manager about his/her promotion mix and what components are in it and how they are managed. Write a one-page essay describing the results of your interview.
6. Go to the following website and obtain an estimate on how much was spent on classified ads in newspapers between 1995 and 2000. Describe what your reaction was when you learned of the amount.  
(<http://www.naa.org/marketscope/databank/QuarterlyClassified-new.htm>)
7. The Federal Trade Commission's 1999 report on advertising for tobacco products is available on the web ([Federal Trade Commission Cigarette Report for 1999](#)). Read this report and write a one-page essay on your personal reactions.
8. Use the keyword 'Professional selling' to search the internet. Write a one-page essay on your findings. Also, note the following website in your essay (<http://www.nfsa.com/>).
9. Agree or disagree with the following statement and explain your answer using materials found in Chapter Ten. "If everyone is your customer, then no one is your customer."

## Chapter Ten Glossary

**MK 300 – Appendix Chapter Ten**  
**An easy guide to audience measurement**  
**Overview of basic terms used in audience measurement**  
**Radio and TV audience measurement**

Situation description: – A consumer packaged goods company runs a campaign on television for a new soap product – “Germ Buster Hand Soap®.” The market for this product is estimated to be around 20 million people who are particularly concerned about the presence of germs on their hands during food preparation. The campaign will be targeted to this market throughout the holiday season of 2000. The product is to be introduced through a television ad campaign beginning October 2000 and running through December 2000.

1. **Reach** – “the percentage of target prospects exposed to one or more ads for a brand during some stated period.” During the company’s initial advertising campaign, half of the people (10 million people) in this target market will be exposed to the ad during the three-month life of the campaign. Thus the Reach is 50 (that is 50% of the target market will see the ad. That is, fifty percent of the people in the target market will be exposed to the ad at least one or more times.) Concerning reach, some people subscribe to the ‘three-hit theory.’ That is, it takes three **effective exposures** to move the prospect through the hierarchy of effects. (Attention, Interest, Desire, and Action). Three effective exposures usually requires much greater than three total exposures. Why?
2. **Frequency** –“the average number of exposures to advertisements received by all prospects who were reached during the given time period.” In the preceding example, your campaign reached 10 million prospects or half the target market. Suppose that media research indicates that the 5 million people in the target market will be exposed to this ad six times while 5 million people will be exposed four times during the campaign. Thus, the frequency or average number of exposures for the target market will be five.

**GRP’s or gross rating points-the GRP level is a rule of thumb used by media personnel to assess the relative strength of the campaign.** In our example, the GRP’s would be 250. GRP’s yield a comparison of different options for reach and frequency through examining the relative exposure schedule of different campaign options (their relative ‘bang for the buck.’) While this measure has obvious shortcomings (that is, is an exposure more powerful if it occurs previous to the food preparation period versus after the food preparation period) it has been applied traditionally in TV and radio advertising. There is the growing question of **effectiveness**. For example, we can run ten second spots or sixty second spots and end up with the same “GRP’s” (an exposure is an exposure) but do they have the same ‘selling power.’ I think not. That is, while your GRP’s have increased with ten second spots, does that mean you necessarily increased the communication and learning that has taken place with the target market? However, the measure is helpful for comparing competing media schedules.

In our example above, need to decide which is more important for our situation, reach or frequency. That is, is it more important for a larger proportion of the target market to be exposed at least once, or is it more important for prospects to be exposed to our message several times. This debate finds little agreement, except to say the 'more is better.' Of course, ad agencies and media representatives are glad to have you spend more money always. However, you need to analyze and think about what is needed to convey your message. That is, are the benefits the product delivers relatively easy to understand? If so, which would you prefer to emphasize in a campaign: reach or frequency? On the other hand, if product benefits are difficult to convey would your answer be different? ☺

Think about different schedules and how they impact your communication potential. Remember that you are spreading the amount of dollars over different communication objectives. Can't do it all! For example, if you emphasize reach over frequency that means that "more people will receive fewer exposures." Compare this to emphasizing frequency over reach so that "fewer people will receive more exposures."

Funds are always limited and you will be asked to make decisions of this sort that trade off resources and people in your organization expect to be able to trust your answers. After all, you are the marketer with the MASTER OF BUSINESS ADMINISTRATION DEGREE!

**Measures of television audiences and their relationships to each other**

**Coverage**  
(number of TV households in signal range of TV station or network)

✕	✕
✕	✕
✕	✕
✕	✕
◆	◆

**HUT (homes using TV)**  
Percentage of coverage with sets turned on

**Rating**  
Percentage of coverage tuned to a particular program, station, or network

**Audience Share**  
(percentage of HUT tuned to a particular program, station or network)

**HUT X Audience share = Rating**

**Brief example**

A recent infomercial for Suzanne Somers' Depression Cure aired on the local cable TV station in Out There, Kansas, had the following viewership: **Coverage** – this local cable channel can provide a coverage of 2 million households

**HUT** – for the 12 midnight to 1 a.m. time slot, the percentage of coverage with TV sets turned on is one out of twenty or five percent or .05

**Audience Share** – during that time slot the percentage of homes using TV that is tuned to this cable channel is sixty percent

**Rating** – the rating for this infomercial would be  $.05 \times .60 = .03$

**Thus the percentage of total coverage tuned to this particular program was .03 or said another way, the program reached 60,000 households or three percent of the total coverage.**

Interesting websites to review: A.C. Nielsen and Company, <http://acnielsen.com/> and Arbitron Ratings, <http://www.arbitron.com/home/home.htm>. Also, you might try American Demographics magazine to explore more information about audience characteristics at <http://www.demographics.com/>, and also, Simmons Study of Media and Markets (<http://www.smart-mktg.com/products/SMRBDOC.html>).

There are many other resources for assessing markets and audience measurement that are easily accessed on the internet and you might want to see what you can find in your own search.

## **Newspaper and magazine audience measurement**

**The Basic CPM formula** is used to compare different media options. That is, we compare the cost of reaching one thousand viewers across different stations. For example, If we used the basic CPM formula (cost of one unit of time)/number of households reached), we