



Chapter 17 Promotional Concepts and Strategies

- Section 17.1 Promotion and Promotional Mix
- Section 17.2 Types of Promotion

Promotion and Promotional Mix

Key Terms

promotion

product
promotion

institutional
promotion

advertising

direct
marketing

sales
promotion

public relations

news release

publicity

promotional
mix

push policy

pull policy

Objectives

- Explain the role of promotion in business and marketing
- Identify the various types of promotion
- Distinguish between public relations and publicity

Promotion and Promotional Mix

Objectives

- Write a news release
- Describe the concept of the promotional mix

Promotion and Promotional Mix

Graphic Organizer

In a chart like this one, take notes about the five elements of the promotional mix and give examples for each.



The Concept of Promotion

promotion



Decisions about advertising, personal selling, sales promotion, and publicity used to attract potential customers.

Promotion ◀ is persuasive communication. The goals of promotional activities are summarized by the phrase *AIDA*:

- Attract Attention
- Build Interest and Desire
- Ask for Action

The Concept of Promotion

product promotion



A promotion method businesses use to convince consumers to select its products or services.

A business uses **product promotion** to convince prospects to select its products or services instead of a competitor's.

The Concept of Promotion

Promotional activities:

- Explain the major features and benefits of a product/service
- Identify where it is sold and advertise sales
- Answer customer questions
- Introduce new offerings

The Concept of Promotion

institutional promotion



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

Institutional promotion ◀ is used to:

- Create a favorable image for a business
- Help an organization advocate for change
- Take a stand on trade or community issues

Institutional promotion fosters a favorable image for the company.

Types of Promotion in the Promotional Mix

There are five basic categories in the promotional mix:

- Personal selling
- Advertising and direct marketing
- Sales promotion
- Public relations

Types of Promotion in the Promotional Mix

Personal selling involves direct contact between salespeople and customers. This can take place in the forms of:

- Personal meetings
- Telemarketing
- E-mail contact and other correspondence

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.

Advertising ◀ is a form of nonpersonal promotion and one-way communication. It can be found in places including:

- Newspapers and magazines
- Television and Web sites
- Billboards and city buses

Types of Promotion in the Promotional Mix

direct marketing



A type of advertising directed to a targeted group of prospects and customers rather than to a mass audience.

Direct marketing ◀ is a type of advertising directed to a targeted group of prospects rather than to a mass audience. Two forms are:

- Printed direct mail
- Electronic direct mail

Types of Promotion in the Promotional Mix

sales promotion

All marketing activities—other than personal selling, advertising, and public relations—that are used to stimulate purchasing and sales.

Sales promotion ◀ represents all marketing activities—other than personal selling, advertising, and public relations—that are used to stimulate purchasing and sales. Its objectives are to:

- Increase sales and inform customers
- Create a positive business or corporate image

Types of Promotion in the Promotional Mix

public relations (PR)

Activities that help an organization influence a target audience.

Public relations ◀ (PR) activities try to create a favorable image for a company, its products, or its policies. They can enable an organization to influence a target audience. Another public relations' goal is to cultivate media relations with reporters who cover a specific industry.

Types of Promotion in the Promotional Mix

news release



An announcement that is sent by a business or organization to media outlets.

A **news release** is an announcement that is sent to media outlets. It can be used to announce newsworthy developments, such as news about products, distribution channels, facilities, partners, revenues, employees, and events.

Types of Promotion in the Promotional Mix

publicity



A tactic that public relations professionals use to bring information about an organization to the public's attention.

Publicity ◀ involves bringing news or newsworthy information about an organization to the public's attention. This process is also known as placement.

The main function of publicity is to develop a positive perception or awareness of the organization in the marketplace.

The Concept of Promotional Mix

promotional mix



A combination of strategies and a cost effective allocation of resources.

A **promotional mix** is a combination of strategies and a cost-effective allocation of resources a company uses to reach its promotional goals. The strategies are designed to complement one another:

- Advertising and direct marketing create public awareness.

The Concept of Promotional Mix

- Public relations helps cultivate a favorable image and brand recognition.
- Sales promotional activities stimulate sales and reinforce advertising.
- Personal selling builds on all of these efforts by completing the sale.

The Concept of Promotional Mix

It is important to consider all aspects of the promotional mix when developing the promotional budget. There is no precise way to measure the exact results of spending promotional dollars.

The Concept of Promotional Mix

push policy



A manufacturer uses a mix of personal selling, advertising, and buying discounts to promote a product to large retailers that sell its products.

pull policy



A process that directs promotion towards consumers.

The **push policy** ◀ of promotion pushes the product to the retailer. Its main purpose is to convince a retailer to stock the promoted product.

The **pull policy** ◀ creates consumer interest and demand, thereby convincing retailers to stock the promoted item.

Types of Promotion

Key Terms

sales
promotions
trade
promotions
consumer
promotions
coupons
premiums
incentives
promotional
tie-ins

Objectives

- Define sales promotion
- Explain the use of promotional tie-ins, trade sales promotions, and loyalty marketing programs

Types of Promotion

Graphic Organizer

Draw a two-column chart like this one to list examples for each type of sales promotion.



Sales Promotion

sales promotions



All marketing activities—other than personal selling, advertising, and public relations—that are used to stimulate purchasing and sales.

Sales promotions ◀ are incentives that encourage customers to buy products or services. They can be used to:

- Encourage customers to try a new product
- Build awareness and reward loyalty
- Increase purchases by current customers

Trade Promotions

trade promotions



Sales promotion activities designed to get support for a product from manufacturers, wholesalers, and retailers.

Trade promotions ◀ are sales promotion activities designed to get support for a product from:

- Manufacturers
- Wholesalers
- Retailers

Trade Promotions

Promotional allowances represent cash payments or discounts given by manufacturers to wholesalers or retailers for performing activities to encourage sales.

Cooperative advertising happens when a manufacturer helps to pay the cost of local advertising.

Trade Promotions

Trade shows and conventions showcase a particular line of products. They provide businesses with opportunities to:

- Introduce new products
- Encourage increased sales of existing products
- Meet customers and partners

Consumer Promotions

consumer promotions



Sales strategies that encourage customers and prospects to buy a product or service.

Consumer promotions are sales strategies that encourage customers and prospects to buy a product or service. Major consumer sales promotion devices include:

- Coupons and incentives
- Premium deals and product samples

2-day preview!
thursday, sept. 30 - friday, oct. 1

it's all inside.
JCPenney

lowest prices of the fall

buy 1 get 1 for \$1.00*
*Applies to specially selected items. Look inside.

plus! shop to earn
\$10 customer appreciation bonus cards!

*spend \$50 get 1 \$10 card *spend \$100 get 2 \$10 cards
*spend \$150 or more get 3 \$10 cards

NO INTEREST FOR 90 DAYS! ON PURCHASES UP TO \$100 OR MORE ON YOUR JCPENNEY CARD FROM 9/30/04 - 10/01/04. MINIMUM MONTHLY PAYMENTS REQUIRED. SEE BACK COVER FOR DETAILS.

Consumer Promotions

- Sponsorships
- Promotional tie-ins
- Product placement
- Loyalty marketing programs
- Point-of-purchase displays

Consumer Promotions

coupons



Certificates that entitle customers to discounts on goods and services.

Coupons ◀ are certificates that entitle customers to cash discounts on goods or services. They help to introduce new products, enhance sales of existing products, and encourage retailers to stock the advertised item.

Consumer Promotions

premiums



Low-cost items given to consumers at a discount or for free.

Premiums ◀ are low-cost items given to consumers at a discount or for free. They increase sales by building product loyalty and attracting new customers. They also offer consumers an added-value gift in exchange for their purchase.

Consumer Promotions



**Totally
Free Checking*
and a
Free Gift!**

Open an Independent Bank checking account
and get a Rolling Duffel Bag FREE!
Get the whole set when you tell your friends!

Independent Bank
MEMBER FDIC

www.independentbank.com

Consumer Promotions

incentives



Products earned or given away through contests, sweepstakes, and rebates.

Incentives ◀ are higher-priced products earned and given away through:

- Contests
- Sweepstakes
- Rebates

Consumer Promotions

Sponsorship is an integral part of promotion. A sponsoring company pays a fee for the right to promote itself and its products at or on a set location, such as:

- A physical site (such as a stadium) or event
- A group or a person

Consumer Promotions

promotional tie-ins



Sales promotional arrangements between one or more retailers or manufacturers; also known as cross-promotion and cross-selling campaigns.

Promotional tie-ins ◀ are also known as cross-promotion and cross-selling campaigns.

Product placement is a consumer promotion that involves using a brand-name product in a movie, TV show, sporting event, or in a commercial for another product.

Consumer Promotions

Loyalty marketing programs, also called frequent buyer programs, reward customers for patronizing a company.

Point-of-purchase displays are usually placed in high-traffic areas and promote impulse purchases.

FOCUS on KEY POINTS

Section 17.1

- Promotion is any form of communication a business uses to inform, persuade, or remind people about its products and its image.
- Public relations fosters a favorable image about a business, its products, or its policies. Publicity tries to place positive information in the media.

continued

FOCUS on KEY POINTS

Section 17.2

- Sales promotion is a short-term incentive given to encourage consumers to buy a product or service. Sales promotions can be classified as either trade promotions or consumer sales promotions.



This chapter has helped prepare you to meet the following DECA performance indicators:

- Identify elements in the promotional mix.
- Coordinate activities in the promotional mix.
- Explain the types of promotion.
- Plan special events.
- Demonstrate appropriate creativity.