

BUS 214: PRINCIPLES OF MARKETING II

Study Session 1

1. TOPIC: PROMOTION MIX

2. Introduction

Promotion is one of the basic elements of the marketing mix. When a product is launched newly into the market, aggressive promotional effort has to be embarked upon to create the awareness in potential customers. In this lecture the types, importance, and the tools of production mix variables shall be discussed.

3. Learning Outcomes for Study Session 1

After studying this session, you should be able to:

- (a) define promotion;
- (b) list the objectives of promotion;
- (c) explain promotional mix: and
- (d) explain the factors that guide a marketer in the choice of a promotional mix.
- (e) explain the basic concept of promotion in a marketing context:
- (f) discuss the importance of advertising through various media;
- (g) explain the important reasons for sales Promotion.

4. What is “Promotion” in Marketing?

When a company develops a new product, changes an old one or simply wants to increase sales of an existing product or service, it must transmit its selling messages to the potential customers. To make the concept of promotion quite understandable, we must discuss the basic element of promotion - communication.

Communication can be defined as the act of passing information from one person (sender) to another (receiver), or an exchange of information or ideas between two people. Communication may be divided into two major categories explicit and implicit communications. Explicit communication involves the use of language to establish common understanding among the people. Implicit communication on the other hand, involves 'intuitive interpretation' of the relatively unconscious symbols of gesture and the unconscious assimilation of the ideas and behaviour of one's own culture.

Marketers must communicate effectively to transmit meaningful ideas or their products to the customers. The process of communicating marketing ideas to customers is called promotion.

5. Objectives of Promotion

Promotion is aimed at achieving the following objectives:

(i) Behaviour modification

Promotion tends to change the idea already created about a product either positively or negatively. The promoter or the seller aims at creating a favourable image about itself or at motivating purchases of the company's goods and services. Promotion tries to convince the customers (current and potential) of the quality of the product and even the need to take such product. For instance, a promotion scheme might aim at convincing customers that bournvita is better than milo.

(ii) Informing

All promotions are designed to inform, persuade, or remind the target market about the firm's offerings. Any marketing company will attempt to accomplish several of these objectives simultaneously. Informative promotion is generally more prevalent during the early stages of the product life cycle. It is a necessary ingredient for increasing primary demand. This is because people won't typically purchase a good or service until they know what it will do and how it will benefit them.

(iii) Persuading

Most promotions tend to persuade persuasive promotion is designed to stimulate purchase. Where the demand for a product is facing some threat, persuasive promotion could create a positive image in order to influence long-term buyer behaviour.

(iv) Reminder promotion

Reminder promotion is used to keep the product brand name in the public mind and is prevalent during the maturity stage of the life cycle. This form of promotion tacitly assumes that the target audience has already been persuaded of the merits of the good or service. It serves as a memory Jogger.

6. Promotional Mix

Rarely will a single communication resource be the most effective means of accomplishing the firm's promotional objectives. Instead a blend of various factors must be used to reach the target market. That blend or combination is referred to as a company's promotional mix. The four major tools that make up the promotional mix are; Advertising, Personal Selling, Sales Promotion and Publicity

Promotional mix varies significantly from one product and industry to the other. Normally, advertising and personal selling are the primary product and service promotional tools and are, in-turn, supported by sales promotion. Publicity aids in developing a positive Image for the organization and the product line.

7. Choosing a Promotional Mix

The choice of a promotional mix depends on the following factors.

(i) The nature of the product Personal selling has been identified to be the most important in industrial goods and least important in consumer non-durables. Broadcast advertising was used heavily in consumer good promotion, particularly for non-durables. Print media were found useful for all three product categories. Industrial goods are best advertised through special trade magazines. Consumer goods are advertised through newspapers.

(ii) Market characteristics

Widely scattered potential customers, highly informed buyers and a large number of brand-loyal repeat purchasers generally require a blend of more advertising: and sales Promotion and less personal selling. Some personal selling is required even when buyer's are well informed and geographically dispersed. Industrial installations for instance, may be sold to extremely competent individuals with extensive education and work experience. Yet, the salesperson must still be present to explain the product and work out the details. Often firms sell goods and services in markets where potential customers are difficult to locate. Advertising is used to locate potential customers. Sales persons are sent to the potential customers as the calls on coupons are received. If the good falls in the category of convenience goods such as bread, milk, and others, the seller can adopt a method of stocking and shelf display to attract attention and gear up awareness.

(iii) Available funds

Money or lack of it may easily be the most important factor in determining the promotional blend; a small under-capitalized manufacturer may rely heavily on free publicity if its product is of a unique nature.

(iv) Stages of the product life cycle the first stage of the product's life cycle can also be an important determinant of a product's promotional blend. If the product reaches the growth stage of the life cycle, and obtains adequate distribution, the promotional blend may shift. Often a change is necessary because different types of individuals enter the target market. The promotion blend in the later stages of the life cycle might shift toward personal selling to maintain adequate distribution. Various promotion techniques can be used to stimulate repeat purchases and top - of - the mind awareness among potential late buyers.

8. Summary of Study Session 1, 'Promotion Mix'

Now that you have completed this study Session 1, you have learnt the definition of communication as the transfer of information from one person to another and described it as the life wire of promotion. Promotion has been described as communicating marketing ideas to customers. The objectives of communication were identified as behaviour modification, informing, persuading and reminding customers. The elements in the promotional mix were pointed out as advertising, personal selling, sales promotion and publicity. These elements will be discussed in detail later.

9. Self-Assessment Questions (SAQs) for Study Session 1

Now that you have completed this study session, you can assess yourself with the following questions:

- (a) Define 'promotion' in marketing
- (b) Determine factors guide a marketer in the choice of promotional mix?
- (c) List the objectives of promotion
- (d) Distinguish between implicit and explicit communication
- (e) Identify the elements of the promotional mix.

10. Notes on SAQs for Study Session 1

11. References

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