

**EMBA
Bad 67051
Marketing Management**

**Lecture 4
Integrated Promotion
Decisions: Advertising & Sales
Promotion and Personal Selling**

WEEK 4-THE MARKETING MIX--PROMOTION

Integrated Promotion Decisions
REMOTE Class

1. READ:
Chapter 8 Integrated Marketing Communications
Chapter 9 Personal Selling, Relationship Building, and Sales Management

2. (CD to be provided in Week 3; comments to bulletin board)
3. DO: MINI-CASE 3—via Vista 8 discussion board.
4. Turn in 4th simulation decision – via e-mail to lmarks@kent.edu by the end of class time.

Ralph Waldo Emerson

“If a man write a better book, preach a better sermon, or make a better mouse-trap than his neighbour, tho' he build his house in the woods, the world will make a beaten path to his door.”

- *(Note: This is from Emerson according to Sarah S. B. Yule, who wrote that she copied it from a lecture delivered by Emerson. It is not found in his writings, and Elbert Hubbard claimed authorship.*
- *Source: http://www.transcendentalists.com/emerson_quotes.htm*

Promotion Defined

- Communication used by marketers to inform, remind, or persuade potential buyers

1. Inform Prospective Buyers

Informational goals include to:

- i. Communicate customer value
- ii. Build a brand/company image
- iii. Explain how the product works
- iv. Suggest new uses for a product
- v. Inform the market of a price change
- vi. Describe services and support
- vii. Correct false or misleading statements

To let consumer know about the features of the new BlackBerry Storm, Vodafone



BlackBerry Storm 9530 Commercial from Vodafone



- Mobile Streaming
- Built in GPS
- Wireless modem
- Expandable memory
- Incredible Power

2. Persuade them to try it

Persuasive goals include to:

- i. Build brand preference
- ii. Encourage switching to your brand
- iii. Change consumers' perception of product value
- iv. Get consumer to purchase "now"
- v. Convince consumers to tell others about the brand

2. Persuade them to try it



<http://www.apple.com/getamac/ads/>

3. For "mature" products, remind them

Reminder goals include:

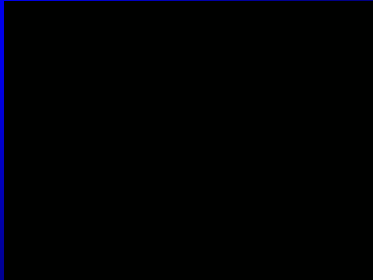
- i. Maintain customer relationships
- ii. Remind consumers they may need the product soon
- iii. Remind consumers where the product is available
- iv. Keep the brand in the consumers' minds during the off-season

For “mature” products, **remind** them

In this ad, released for the 2008 Superbowl, Coke is keeping its brand name in front of consumers.

It is attention-getting and humorous. It does not “inform,” nor “persuade.”

With this ad, Coke wants to maintain customer relationships and keep consumers thinking about the brand.



http://www.bentonsandbaner.com/resources/advertising.html?T=4&Search_CampaignID=10281&Media_MarketID=1&Group_ID=10281&AdvertiserID=1

The Promotion Mix



The Promotion Mix



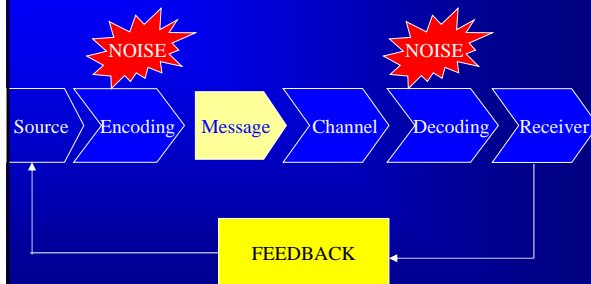
ADVERTISING is:

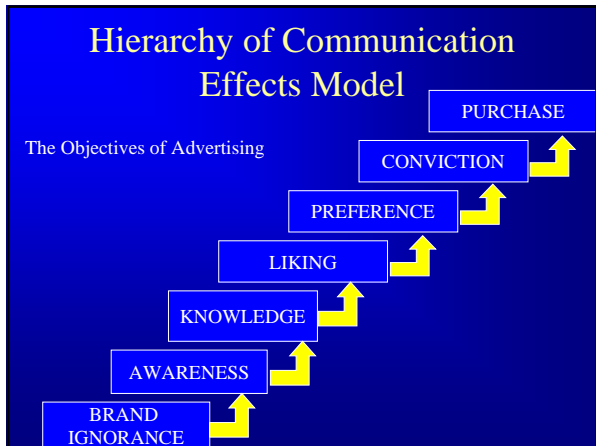
any INFORMATIVE or PERSUASIVE message that is:
--carried by a NONPERSONAL medium,
--PAID FOR by a Sponsor,
--who is IDENTIFIED in the message

ADVERTISING

1. It can reach a large number of people quickly
2. It is UNIFORM, but not flexible
3. It is LOW to MODERATE cost (on a per contact basis)

The Communication Process





- ## Advertising Decisions
- HOW MUCH?
 - Percent of Sales
 - Per-unit Expenditure
 - All you can Afford
 - Competitive Parity
 - Research Based
 - Tasked-Based

QUESTIONS

Submit your responses via Vista 8:

1. Point your browser to:
<http://vista8.kent.edu/>
 Log in, click on the appropriate Lecture Question, and submit your responses
 IF Vista8 fails to work, then submit your responses to lmarks@kent.edu

QUESTION 1

- To the best of your knowledge, what technique does your firm (or your industry in general) use to decide on the amount to spend on advertising?
- Briefly evaluate that approach (what are its pros and cons?)

The Allocation Question

Geographic Coverage

- National
- Regional
- Local

Newsweek Rates U.S. 2005 - National Edition

Rate Base 3,100,000

	B&W	B&1C	4C
Full Page	\$137,550	\$180,600	\$210,000
2 Columns	116,920	153,510	178,500
Half Page	96,285	126,420	147,000
1 Column or Square Third	61,900	81,270	94,500
Half Column	41,265	54,180	63,000
4th Cover			278,250
2nd Cover			
Spread	288,855	379,260	441,000

<http://www.newsweekmediakit.com/newsite/us/rates/national.shtml>

Newsweek Rates U.S. 2009 - National Edition

Rate Base 2,600,000

	B&W	4C
Full Page	\$140,230	\$226,590
2 Columns	119,195	192,600
Half Page	98,160	158,615
1 Column or Square Third'	63,105	101,965
Half Column	42,070	67,975
4th Cover		305,895
2nd Cover		
Spread	--	475,840

<http://www.newsweekmediakit.com/newsite/us/rates/national.shtml>

Newsweek Rates U.S. 2010 - National Edition

Rate Base 1,500,000

	B&W	4C
Full Page	\$107,250	\$165,000
2 Columns	91,165	140,250
Half Page	75,075	115,500
1 Column or Square Third'	48,265	74,250
Half Column	32,175	49,500
4th Cover		222,750
2nd Cover		
Spread	--	346,500

<http://www.thinknewsweek.com/PDF/RateCard.pdf>

Newsweek 2005 Geographic Edition Rates

Metro	Cycle	Circ.(000)	B&W	B&1C	4c
Albany	1	16	\$7,410	\$9,715	\$11,315
Atlanta	1	50*	7,410	9,715	11,315
Baltimore	1	28	7,410	9,715	11,315
Boston	1	105*	9,240	12,125	14,105
Buffalo	1	14	7,410	9,715	11,315
Charlotte	1	17	7,410	9,715	11,315
Chicago	1,3	150*	11,670	15,315	17,820
Cincinnati	1	24	7,410	9,715	11,315
Cleveland	1	50	7,410	9,715	11,315
Columbus	1	21	7,410	9,715	11,315
Dallas/					
Ft. Worth	1	50	7,410	9,715	11,315

<http://www.newsweekmediakit.com/newsite/us/rates/geo.shtml>

Newsweek 2010 Metro Edition Rates

Metro	Cycle	Circ.(000)	B&W	4C
Atlanta	1	24*	11,600	18,150
Baltimore	1	17	11,600	18,150
Boston	1	60*	12,080	18,910
Chicago	1,3	69*	12,080	18,910
Cleveland	1	28	11,600	18,150
Dallas/ Ft. Worth	1	25	11,600	18,150

Cities have been dropped; Circulation has dropped; rates have gone up.

http://www.newsweekmediakit.com/Rates/rates_metroEdition.html

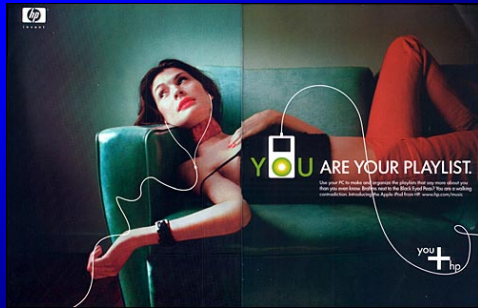
Message Emphasis

- Primary Demand
- Pioneering Advertising
- Competitive/Selective Advertising
- Institutional Advertising

•Primary Demand Advertising



Pioneering Ad



“You are your playlist -- Use your PC to make and organize the playlists that say more about you than you even know. Brahm next to the Black Eyed Peas? You are a walking contradiction”

Intended Results

- Direct Action



Intended Results

- Delayed Action

Intended Audience

- The Consumer
- The Industry, Institutions, Government
- Channel Members
- Internal Publics

Push Strategies

- Promote to intermediaries to push the product through the channel

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graph LR; PRODUCER -- Promotes to --> WHOLESALER; WHOLESALER -- Promotes to --> RETAILER; RETAILER -- Promotes to --> CONSUMER;
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Pull Strategy:

- Promote to consumers to stimulate demand and pull the product through the channel

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graph LR; PRODUCER -- Promotes To --> CONSUMER; WHOLESALER -- Orders it --> PRODUCER; RETAILER -- Orders it --> WHOLESALER; CONSUMER -- Asks for it --> RETAILER;
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QUESTION 2

- Does your organization tend to use a push or a pull strategy or a combination?
- Briefly describe.

GOT MILK?

- A case study in increasing the use of a “boring” product through research, creative thinking, and creative implementation!

Advertising on the Web

- Top few Web properties now reach true mass audiences
- Each of the three biggest portals attracts 70% of the Americans online to its properties monthly
- In 2003, media buyers could land discounted space on the home pages of major portals for between \$100,000 and \$180,000 per 24 hours. In 2004, the cost is reaching \$300,000

Advertising on the Web

- Broadband connections now reach more than half of American households
 - including the majority of the prosperous ones
- The Internet gets only 4.3% of U.S. advertising revenue, but surveys indicate that it accounts for 14% of America's media time

The Promotion Mix



Sales Promotion

- Includes all promotional activities which are NOT personal selling, advertising, or public relations.
- The purpose of Sales Promotions is to **STIMULATE DEALER EFFECTIVENESS** or to **INDUCE PURCHASES** during a specific time period.

Sales Promotion

- By their nature, Sales Promotions are SPECIAL, NON-ROUTINE EVENTS.

Major Types of Sales Promotion

- A. Consumer Sales Promotions
 1. Coupons
 2. Premiums
 3. Samples
 4. Price-off/Cents-off
 5. Contests
 6. Trading Stamps
 7. Point-of-Purchase Displays

B. Trade Promotions

1. Buying and Merchandising Allowance
 - a discount from a supplier to a retailer, who agrees to use the discount to promote the product's purchase.
2. Push Money (SPIFF)
 - a cash premium, prize, or additional commission for pushing or increasing sales of a particular item or type of merchandise.
3. Contests

C. Salesforce Promotions

1. Bonus Money
2. Contests

Question 3

- Which type(s) of Sales Promotions does your organization use?
- Which do you think are most effective and why?

Major Sales Promotion Decisions

- A. Setting the Objectives
- B. Selecting the Type -- Major Criteria
 1. Specific Objectives--Must be specific, measurable, and tied to the overall objectives and Marketing strategy.
 2. Budget Considerations--Is it worth the cost?
 3. Competitive Situation--What are they doing? What will they do?

C. Responsibility for Implementation
1. Brand Manager vs. Specialists

D. Evaluating the Results
1. SPAR (Sales Promotion Analysis Research)

<http://www.sparinc.com/products.htm>





Publicity

involves information that is,
--carried by a **NONPERSONAL**
medium, which is
--**NOT PAID FOR** by a Sponsor

Publicity

1. The organization being publicized is **NOT IDENTIFIED** as the message sponsor
2. The message is controlled by the communication medium **NOT THE MARKETER**
3. Marketers **DO** attempt to **MANAGE** their publicity
 - a. Managing **PUBLICITY** in a systematic manner is called **PUBLIC RELATIONS**

The Promotion Mix



Managing Personal Selling

Promotion is communicating with potential customers...Personal Selling is often the best way to do it!!

Part of "integrated marketing communications" and Marketing Mix Synergy

Managing Personal Selling

A. Basic Objectives

1. Convert potential customers to actual ones.
2. Keep customers satisfied and loyal.
3. "Help" current customers to buy more product.
4. Provide market information to the firm.

Question 4

- Does your organization use its salesforce effectively to bring competitive information "back home"?
- Describe how this occurs, or how it could be improved in your organization.

B. Win-win Approaches in Relationship Selling

1. Expand the size of the current deal (reducing costs/price).
2. Compromise on deals--yield on less important factors.
3. Add a dimension to the deal
4. Work to create a different trading relationship

C. Understand the Customer!

1. An understanding of the customer's needs and decision processes should be what drives the salesperson's job and the entire company's relationship with the customer (new task? modified re-buy? Straight re-buy? Group Decision?)

D. Managing Accounts

1. 80-20 Rule applies here, too!
2. Give special attention to
 - large, complex customers
 - high growth customers

E. Telemarketing

1. The Good...

- Identify prospective customers
- Qualify their level of interest
- Take orders
- Renew inactive accounts
- Promote special offers
- Lower costs than field sales force
- High level of control

E. Telemarketing

2. The Bad....

- Used as an excuse to cut back field sales force excessively,
- Becomes a "hard sell" approach

E. Telemarketing

3. The Ugly...

- Can create a LOSS of customers who feel harassed or better served by competitors personal sales force.

F. Steps in Personal Selling

1. Sales Prospecting
 - Find potential customers
 - Qualifying the customer
 - LISTEN to determine their needs & problems

F. Steps in Personal Selling

2. Plan the Sales Call
 - Know thy Firm
 - Know thy Products
 - Know the Competition
 - Know the Market Condition
 - KNOW YOUR CUSTOMER

F. Steps in Personal Selling

3. Presentation
 - Leave a concrete image of your superior problem solution
 - As compared to other promotion techniques, selling is adaptable---SO ADAPT!
 - Negotiating and Bargaining
 - How much latitude do YOU have?

F. Steps in Personal Selling

4. Handling Objections & closing the sale (ASK for the sale!!)
5. Obtain Commitment (close the sale)
6. After the sale service = "Relationship Building"

F. Managing the Sales Force

- A. Recruiting
- Finding them
 - Selecting them
- Managing human resources is an important task in all functional areas, but this task is primarily important for sales managers.

B. Training

Training programs can enhance the expertise of the salesperson by providing him or her with product knowledge, customer knowledge, and special skills.

- A variety of audiovisual sales aids and literature can be used to increase the communications effectiveness of the salesperson.

F. Managing the Sales Force

C. Rewarding the Sales Force
(the primary way to recruit, motivate, and retain the sales force)

--SIMPLICITY

--Commission vs. Salary

- Motivation is a central concern of any top- or middle- level manager, and performance is usually a function of intrinsic as well as extrinsic rewards.

Bringing it all together!

Integrated Marketing Communications (IMC)

IMC is the concept of designing marketing communications programs that coordinate all promotional activities—advertising, personal selling, sales promotion, public relations, and direct marketing—to provide a consistent message across all audiences.

A. The “need” for Integrated Marketing Communications

- i. Consumers are bombarded with commercial messages
- ii. To consumers, these become “one” message about the company
- iii. If not integrated, the various messages create a confusing and mixed image in the consumer’s mind

Example -- Sterling Jewelers, Inc.

Dealing with an Economic Slowdown

New tactics in order to attract people into our stores

- Right now will be very price point driven
- So we “Spiced up” our categories
 - new products, including trendy, fashion-forward items at lower price points
 - made some timeless looks more affordable for price sensitive consumers

Dealing with an Economic Slowdown

On the other end, expanded our assortment of LeVian Jewelry, which is a very successful upper-scale line of jewelry.

- Most important initiative
 - Open Hearts Collection by [Jane Seymour](#)
 - ◆ emphasizing the love theme
 - ◆ Jane's popularity



Dealing with an Economic Slowdown

Focused on a unified theme (IMC):

- Stores have beautiful new displays for the product
- informational brochures
- DVDs on continuous loop
- Jane Seymour in a Kay's commercial
 - ◆ Appeared in an episode of "My Name is Earl!"
 - And the first ad after the segment was....

–an ad for the Jane Seymour collection

Dealing with an Economic Slowdown

Focused on a unified theme (IMC):

- ◆ Hallmark Channel and Kay Jewelers hosted an online sweepstakes
- ◆ Offering the chance to win one of the Open Hearts by Jane Seymour diamond necklaces.
- ◆ Kay Jewelers placed in-store displays in its 909 stores located across the country, featuring tune-in information for the premiere of *Dear Prudence*.
 - And the *Dear Prudence* sweepstakes

– Now THAT’S an IMC!!

Question 5

- How did this approach to a “Remote Week Lecture” work for you?
- What worked well?
- What should be improved?

Log On to Vista 8

Point your browser to:

<http://vista8.kent.edu/>

Log in and click on Remote Day Tools

--Click on “Remote Day Case Questions”

– Respond to the Case Questions

--Provide Marketing Game Decisions
