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## **The Role of Promotion**

You would think that if you had a good product at a reasonable price your job would be done; it would magically sell. That is not the case. Even with a great product, competitive prices, and a great distribution plan it is critical that you communicate product benefits to potential customers. That's it—the definition of promotion. Promotion is simply communicating with customers.

Just as there is a marketing mix (the 4 P's), there is a promotional mix. In this section we will discuss the role of promotion, as well as each of the elements found in the promotional mix. The promotional mix will include:

- Advertising
- Sales Promotion
- Public Relations/Publicity
- Personal Selling

In general, promotion plays three critical roles in marketing.

### Inform

The simple act of informing is critical for a business. The purpose of informing may be as basic as letting customers know that an established product is "on sale" or has a new model or feature. It may also be as complex as introducing a revolutionary new product, which addresses a need that has previously been ignored.

For example, if Pepsi is to introduce a new flavor, it will inform their target market as to what the flavor is, and when it will be available to the public. As another example, Radio Shack needed to inform the public that they were going to offer the iPhone, as it was previously available from a limited number of distribution outlets.

### Persuade

Another purpose of promotion is to persuade customers that a product or service has significant advantages over the competition. It is not enough to know they are available (inform), now the company is charged with persuading customers to buy the product.

Persuasion generally focuses on benefits offered by a product that address either emotional or rational buying motives. This approach is intended to help a company establish a competitive advantage.

If you walk into a mall you will notice that everywhere you look there is a shoe store, typically women's shoe stores. These companies have taken care of the *inform* aspect of promotion, now they need to convince you to stop at their store or to buy a particular brand of shoes.

### Remind

Once your customers are aware of your products and are convinced they are the "best" option, your job is done. Well, almost. The truth is, you will need to remind your customers about your product on a regular basis. Why do you think McDonald's advertises so much? You would have to live in a cave to not know about McDonald's, and most people have already decided whether they will eat there or not. However, McDonald's understands the need to remind consumers to stop in and eat dinner.

Even though your customers may appear to put your company or product at the top of the list, they will remain targets for your competition. As soon as you think you "have it made" and begin to neglect your promotion, it is quite possible (or probable) that you will lose some of your customer base. One of the keys to the success of promotion is repetition.

### **Promotional Objectives**

While the basic objectives of promotion are to inform, persuade, or remind, there are also more specific purposes. Following are examples of specific promotional objectives a company pursues.

#### Increase Brand Awareness

Promotions, particularly advertising, can lead to a greater level of brand awareness. A company may find it necessary to place their brand in front of consumers through a variety of media, in order to create the level of awareness necessary for success.

#### Increase Customer Traffic

From airlines Frequent Flyer programs, to various "punch cards"—rewarding customers for the frequency of their visits is done effectively through promotion. These programs are rather simple. Customers complete an application and are given cards (often replaced by using a phone number) that are used each time they make a purchase.

While generally used to increase sales from current customers, they may also attract new customers who hear of the promotion.

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#### Build Sales and Profits

The most common objective for promotions is to build sales. Promotions that are designed to get consumers to try products are useful in building sales. Promotions can also be used to increase loyalty among consumers, which in return leads to greater sales, and more importantly, more profit.

### Establish a Corporate Image

Many companies understand the importance of supporting their community in order to create a positive corporate image. Whether global companies such as VISA making donations to the Olympics, or a pizza restaurant providing product for the monthly student awards luncheon at the local high school, promotions are an effective means of enhancing or establishing a company image.

### **The Promotional Mix**

If a company uses their entire promotional budget on advertising, they might miss great publicity opportunities. Conversely, if a company depends entirely on generating publicity, they might have long promotional dry spells.

Just like the 4 P's, it's about a mix or a combination of promotional elements. There is a great deal of disagreement as to exactly "how many" elements there are in the promotional mix. For our purposes we will discuss four mentioned above. As a reminder, they are:

- Advertising
- Public Relations/Publicity
- Personal Selling
- Sales Promotion

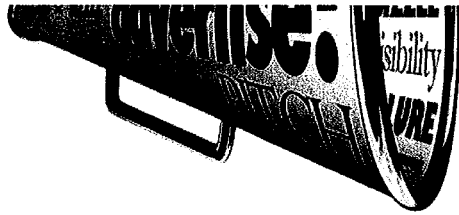
### **Advertising**

Advertising is such an important and commonly used element of the promotional mix, that it is often used synonymously with the term promotion. That, however, is incorrect. Advertising is just one aspect of promotion.

According to Entrepreneur, advertising is defined as "calling the public's attention to your business, usually for the purpose of selling products or services, through the use of various forms of media, such as print or broadcast notices". Furthermore, to distinguish advertising from other forms of promotion, advertising is paid for (generally by a sponsor or business), and is non-personal.



Advertising is the most commonly used form of promotion. Advertising grew in importance when mass communication was the most effective approach to advertising. There was a time when a promotional campaign consisted primarily of advertising, and often television advertising. The thought was simple: get the message out



to everyone—or as many people as possible—and there was bound to be enough people interested and willing to buy to make it worthwhile. That may have worked in the past—when money was plentiful and promotional options were limited; not any more.

The nature of advertising has changed, and continues to do so. Like all of the elements, there are both advantages and disadvantages to the use of advertising.

One of the strengths of advertising was mentioned above—it can reach literally millions. While that is not often the most effective approach, it is certainly useful for some companies. Advertising -- through television, newspaper, and other mass media can deliver the message to a seemingly unlimited audience.

The wide reach of advertising allows it to cover a large and diverse geographical area. When Pepsi advertises on television, they can send the same message to consumers in Boston as in Los Angeles at essentially the same time.

Finally, advertising allows a company to repeat a message as often as desired. Literally, only finances restrict the number of times the message is sent. The message to drink Pepsi could be seen by a consumer on television, in a newspaper, as a full-page ad in a magazine, on a billboard, or in-between songs on the radio—all on the same day!

On the downside, advertising is expensive. Here is where we must be careful. The cost per viewer might be very reasonable, but the total spent can be significant. The companies that are big advertisers spend hundreds of millions of dollars a year. In 2010 television spending for Walt Disney was \$546 million, Wal-Mart \$524 million, and General Motors over \$1.2 billion!

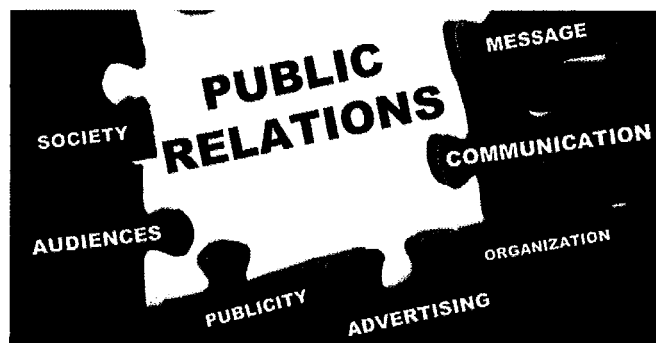
Advertising is very impersonal, and this is a disadvantage as we move into an era where consumers want a more personal touch. It is often considered “one-way” as the consumer receives a message, but generally has no option to reply immediately. Technology is mitigating this disadvantage. In the near future you will watch an ad on your smart TV, click a button on the remote during an ad that interests you, and be contacted immediately by the sponsoring company.

Time shifting has reduced the effectiveness of many forms of advertising. In the case of television, the DVR allows you to record a show and watch it whenever you want—and skip the ads. You can do the same with other media as well. Pandora and Spotify make radio less effective, reading the newspaper on the web reduces the effectiveness of ads, and the list goes on. The truth is, your advertising might be less likely to hit your targeted audience now than ever before.

### **Public Relations/Publicity**



Public relations, often referred to as PR, is a process companies use to improve their reputations. The



process typically involves communicating with and through the media, to get a positive perspective of your company out to the general public, or to a specific target audience.

Companies, like products, are competitive.

Companies often turn to public relations in an attempt to get a competitive advantage or establish a point of

differentiation. Establishing a positive image can help a company with sales or overcome negative publicity that might harm their sales.

I hope you caught the use of the term publicity in the last sentence. Publicity, often called "free advertising", is a popular tool in building positive public relations. Publicity generally comes from the media covering a particular event or activity of a company. For instance, during the London Olympics, LEGO artist Warren Elsmore created a model of the Olympic Stadium. The model took four people two months to complete, and used more than 100,000 pieces. It weighed more than 200 pounds and was housed in Westfield shopping center near the Olympics store. The coverage from television news reports, articles in newspapers, and mentions in blogs and websites on the Internet, are all examples of publicity generated from the event. The publicity, when viewed in a positive manner by the public, adds to the positive perception of LEGO.

Publicity can come from a variety of sources including new product introductions, new hires, research results, etc. These sources generate publicity when the media becomes aware of them. That does not happen by accident, rather it is typically the result of a media release. The media release will be covered in more detail later, but essentially it is a communication (typically via email) that makes the media aware of an event or happening in a company. The company hopes the media will find it newsworthy and feature it prominently in their newscast.

There is another source for publicity as well. Companies often create events for the sole purpose of trying to capture media coverage. This is often called a publicity stunt. Publicity could come from stunts that generate headlines, such as "Taco Bell Buys the Liberty Bell" to "Burger King introduces Left-Handed Whopper". Read [this article](#) from Entrepreneur that describes 10 successful marketing stunts.

The biggest advantage of publicity is that, when used effectively, it can have a very positive effect on the public's perception of a company. It can help, along with other public relations efforts, create goodwill. Goodwill is simply positive feelings a consumer has for a company. The goodwill may come from the general public (such as how most feel about Disney), or this goodwill might originate from a very specific targeted audience -- such as the feelings the members and supporters of your football team have toward companies that support them.

The major downside of publicity is obvious—the company has no control over the message. Chick-fil-A was recently the target of a boycott, as well as an appreciation night. The media coverage included both stories that were complimentary of Chick-fil-A, as well as those they might have wished were omitted from publication.

Public relations is considered to be a specific type of publicity. A good public relations effort is on-going and includes contingency plans for when disaster hits a company in the form of bad press, product malfunctions, or scandal within the corporate ranks.

### Media Release

BusinessWire.com is a leader in the distribution of media releases. Following is an article they published that covers important tips regarding how to write a press release.

Follow these tips to craft a powerful press release and reach all the right audiences.

**1. Make sure your press release contains actual news.** Your release should be attributing something of value to your organization.

**2. Focus your most important messages in the headline, subhead, and first two paragraphs.**

Not only do many readers only skim the first few paragraphs of a press release, but search engines focus almost exclusively on this early content to index your release.

**3. Provide a concise, compelling, clear headline of around 20 words.** Search engines don't understand puns or plays on word, so more straightforward headlines actually do a better job of making sure your release is indexed properly. However, people are sometimes drawn in by a clever headline. So your headline should be both compelling and clear, to cater to both audiences. For press release SEO purposes, the ideal length of a headline is less than 23 words.

**4. Consider including a sub-headline.** A sub-head provides valuable supplementary guidance to readers as they consider whether to continue reading your release. From a press release SEO standpoint, it's also a terrific place to incorporate keyword phrases you can't squeeze into your main headline.

**5. Link early and often.** Hyperlinks and anchor text helps search engines better index your release by associating its content with other sites. It also helps provide context for readers. Be sure to link the first instance of the brand and/or product name to the homepage of your website. Link the names of spokespeople in your release to their company bio page or even their LinkedIn profile. Business Wire's XHTML capabilities provide unlimited linking for any release.

**6. Make your plain text stand out with formatting.** In today's XHTML world, bold, italic, underlined, or bulleted text helps emphasize key points in your plain text release, breaks up your content into easily digestible sections, and provides visual cues for skimmers to quickly pick up the gist of your news.

**7. Include photos, videos and other multimedia whenever possible.** Reporters and consumers tell us, and our research supports it: visuals increase interest in your news. According to our research, press releases with multimedia are over five times more likely to become a top performing release.

**8. Include your company logo.** Build recognition by including your logo at the top of your release. It's free with all Business Wire circuits.

**9. Include complete contact information, with up-to-date phone numbers and e-mail addresses.** Reporters tell us this is one of their main pet peeves. Always include a way for media to follow up with you with any questions. You can also consider including a Twitter handle or other social media profile, which is becoming increasingly popular. Do not include contact details for communication tools you do not monitor regularly.

**10. If your company is publicly traded, include your exchange, stock symbol, and International Securities Identifier Number (ISIN).** These maximize access and search functionality of your press release in financial databases and news systems.

**11. Don't forget to complete your company's At A Glance and Company Profile information in Business Wire Connect.** These features are free and enhance your release as it appears on BusinessWire.com.

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To see the format and view a sample release, click [here](#).

## Personal Selling

Personal selling is sometimes overlooked as an element of promotion, since it is often discussed as a separate discipline (as it is elsewhere in this book). However, doesn't a well-trained salesperson communicate with a potential customer and attempt to inform, persuade, or remind them in an effort to make a sale? Of course, and that is why we consider personal selling part of promotion.

Companies that sell higher ticket items or are in the business-to-business (B2B) field, often use personal selling. We generally look for the selling to approach the "professional" level and require significant product knowledge, which often excludes typical retail operations.

The most significant advantage of personal selling is the personal contact. The face-to-face interaction allows salespeople to more accurately address the needs or wants of potential customers. In addition, this contact is great for gathering feedback and input from customers that can be used to improve the sales and promotional process.



On the negative side is the cost. Based on the cost per person, personal selling is easily the most expensive form of promotion. However, depending on the industry, it may be the most effective method of promotion as well.

### **Sales Promotion**

Although sometimes considered a "catch-all" category, sales promotion is critical to success of a promotional campaign. Sales promotion describes promotional methods that use short-term techniques to consumers to respond or undertake a certain activity. In return, companies offer something of value to those who respond.

There are a several types of sales promotions, more than could be listed, because new ideas are implemented nearly every day. Below are examples of the most common sales promotion activities:

### **Demos and Sampling**

Have you ever been to a Sam's Club or Costco on a Saturday? It seems like at the end of every aisle there is an elderly man or woman offering you a sample of a product. Studies show, not surprisingly, that many shoppers purchase an item they otherwise would not have purchased when they were given a free sample.

Sampling is most common in the grocery industry, particularly to introduce a new product. A demonstration (or demo) is a form of sampling that shows actual products in use. Test driving a car or a hands-on experience with a photo printer are examples of demos.

## **READ NOW** Why Sampling Works So Well

### **Coupons**

Coupon can be used to both attract new customers and to build loyalty among existing customers. Coupons can be delivered in a variety of ways, as explained below:

*Internet* – Several specialized websites, such as shopathome.com, couponmom.com as well as some manufacturer's sites, provide coupons that can be printed for redemption. These coupons may be available in other media as well. Coupons are also frequently sent through email. Facebook promotions that require consumers to "Like" a page in exchange for an coupon are increasingly popular.

*Cross-Product* – If you rent a tux for Prom and there is a coupon attached for a discount on flowers, you have just benefited from a cross-product sales promotion. In this case two different businesses have reached a promotional agreement. It is likely that the flower shop will also promote tux rentals in some manner. In many instances, a company will help promote the sales of Product A by placing a coupon in/with Product B. Typically, Product B is a "best seller".

*Printout* – Next time you check out at a grocery store, check out the receipt. There is a good chance that there are coupons printed on the receipt for use the next time you shop at that store. More and more companies are selecting coupons that are targeted to individual customers based on their past purchases.

*Free-Standing Inserts (FSI)* – In this example the coupon, or a page/multiple pages of coupons, are placed loosely into your newspaper or via direct mail.

*Shelf Display* – Coupon dispensers are being used more often, and are generally placed on the shelf that holds the product to be purchased with the coupon.

*Web-based* – Electronic coupons that are not printable are being used for consumers who purchase online. These coupons provide a code to be used during checkout.

### **Free Products**

Everyone wants “something for nothing”, and that very desire is why offering a free item draws people into a business. Customers welcome free food or an ad specialty item with the company name on it. A business may hand out gift cards to the first “X” people in line on the day they open a new location or introduce a new product.

### **How to write a practical promotional plan**

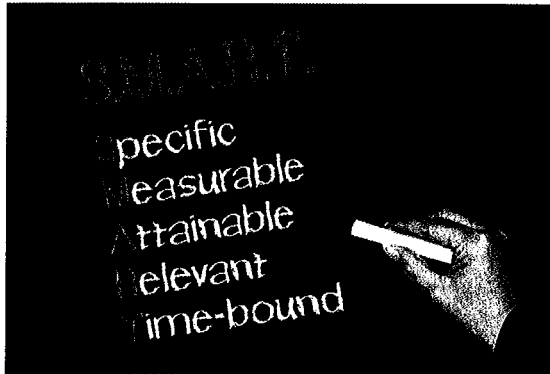
After you have gained a basic understanding of the elements of a promotional mix—then what? It is time to put your promotional plan together. Following is a very basic outline for creating a promotional plan for a product or business. Adjust it to meet your specific needs. Remember, a promotional plan is a series of promotional activities that are based on a specific objective(s). It is not an advertising campaign, although that will be covered soon. An advertising campaign is a plan that helps you run a series of advertisements, which are also based on a specific objective(s).

### **Target audience**

Who are the customers you want to sell to during the implementation of the plan? Are you going after your current customers, trying to get them to purchase more frequently? Will you go after a new market, such as customers in a particular age group or geographic area? Will you target customers who already use a specific product or service? The choice is yours, but it is important you identify who will be the target of your promotional efforts.

The more specific your target audience, the more efficient you will be in using your available funds. It is impractical to try and promote to *everyone* for several reasons. It would take an unlimited budget, far too much time, and require a message that would be equally well received by everyone -- regardless of their age, gender, income, location, etc. Maybe impractical is not the right word---how about impossible! So, we identify

the target audience, because it is easier to design promotional elements (advertisements, publicity stunts, sales promotions, etc.) to appeal to a specific audience than to try and be all things to all people.



### **Objectives**

Now that you know who will be targeted with your promotional efforts, what do you want to achieve? There should be relatively few objectives ( 1-3), they should be stated briefly, and be measurable.

I prefer to focus campaigns on current customers. It is generally easier and less expensive to get your current

customers to respond to a campaign than to seek out first-time customers. Let's say that you have targeted current customers of your full service restaurant. Your objective might be to increase the average purchase, to increase the number of visits per month, or to sell more desserts. All are fine, but you need to be more specific. So, the objectives could be:

- Increase the average purchase of our customers by 12%
- Increase the number of visits by current customers by 20%
- Increase dessert sales by 15%

Each of these objectives is very specific and measurable. You will be able to easily determine whether your promotional plan has been a success or failure.

### **Tactics**

The next step is to write down what you're actually going to do to promote to your target audience. For the sake of discussion, let's say you have decided to focus on current customers and increase your dessert sales by 15%.

You must now decide on how you will achieve this objective. You may do one or more of the following:

- Have an internal contest that rewards the wait staff for suggestion selling of desserts
- Begin a dessert of the week/month promotion to spotlight specific options
- Improve staff training so they know how to "sell" the desserts
- Email your current customer list offering a BOGO for desserts on specific nights (generally slow nights)
- Have a contest on Facebook to pick a customer recipe for a dessert, and feature the winning recipe
- Initiate a new advertising campaign that stresses your dessert menu
- Send out a media release that features your new desserts made from recipes of famous chefs