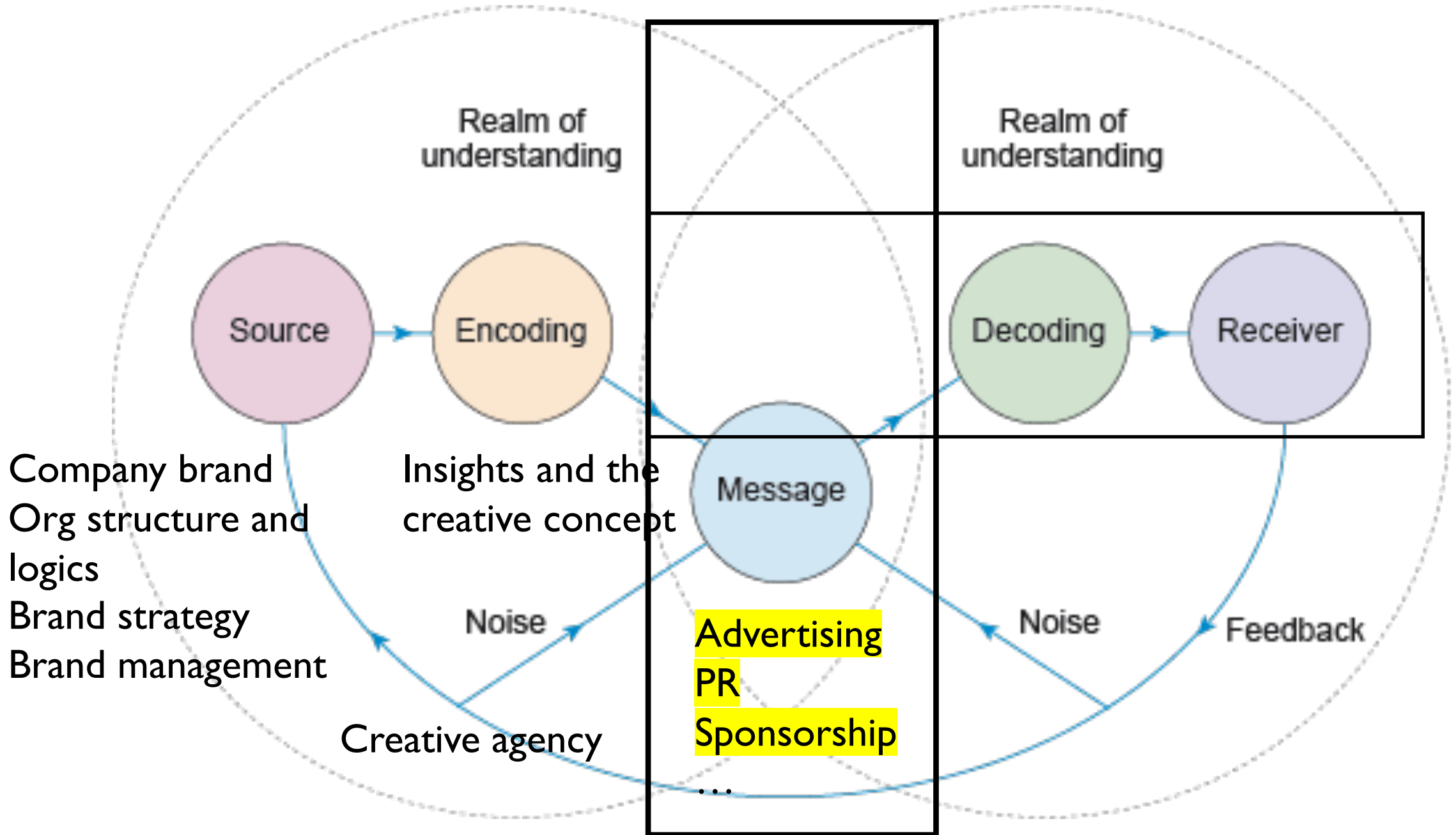


Promotional mix tools



Agenda

- PR
- Sales promotions
- Data-bases and direct marketing



Before getting to the tactical side:

- Creative concept, done!
- Communication objectives, done!
- Media planning, done!
- Execution agreed upon, yes!
- Budgets, check!
- ...

→ Proceed with tactical implementation, that is, disseminate the message through a set of promotional tools to reach target audiences with max impact!

PR

“Public Relations describes the management of the relationships between organizations and their stakeholders” (Burning and Ledginham 2000)

“Public Relations practice is the planned and sustained effort to establish and maintain good will and mutual understanding between an organization and its publics.” (Institute of Public Relations)

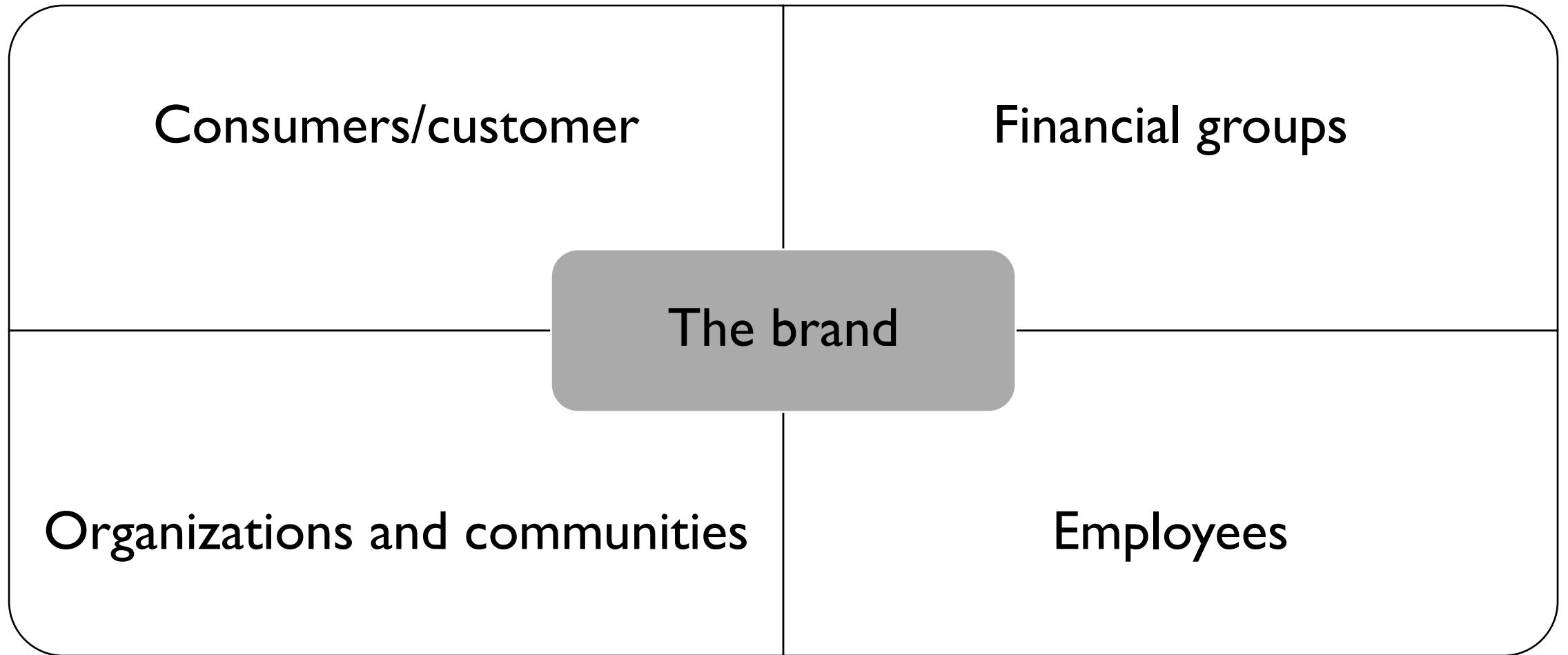
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Notes: +++ = greatest influence; ++ = medium influence; + = least influence.

- Planned activity
- High credibility
- No need to purchase air time or space in media - not always!
- High reach of audiences in comparison to paid media
- Low control over message transmission
- Low costs
- The Internet has transformed PR

Stakeholders / audiences



The press agency model

Propaganda

One way communication

Not *truthful*

Aim: **convince** the audience of a new idea or offer

The public information model

Truthful information

One way communication

Aim: **provide** useful and truthful information

Evolution of PR/models

The two-way asymmetric model

Two way communication process

Feedback important

Uneven power distribution (asymmetry)

Aim: **influence** attitudes and behavior through **persuasion**

The two-way asymmetric model

Most acceptable and mutually rewarding

Equal power distribution

Preparedness to adjust positions, attitudes and behavior in the light of new information

Aim: **true dialogue**

- Remember relationship marketing paradigm
- PR emphasizes dialogue with stakeholders as a mean to success
 - Done via different communication channels
 - Seek to affect the brand equity

Types of PR

- **Corporate PR**

- To build mutually beneficial relationship with publics
- Foster strategic relationships with stakeholders; e.g. :
 - Apple and the environment press releases: "To ask less of the planet, we ask more of ourselves"
 - "Patagonia releases a documentary about the high cost of fish hatcheries, fish farms and human ignorance"

- **Marketing PR**

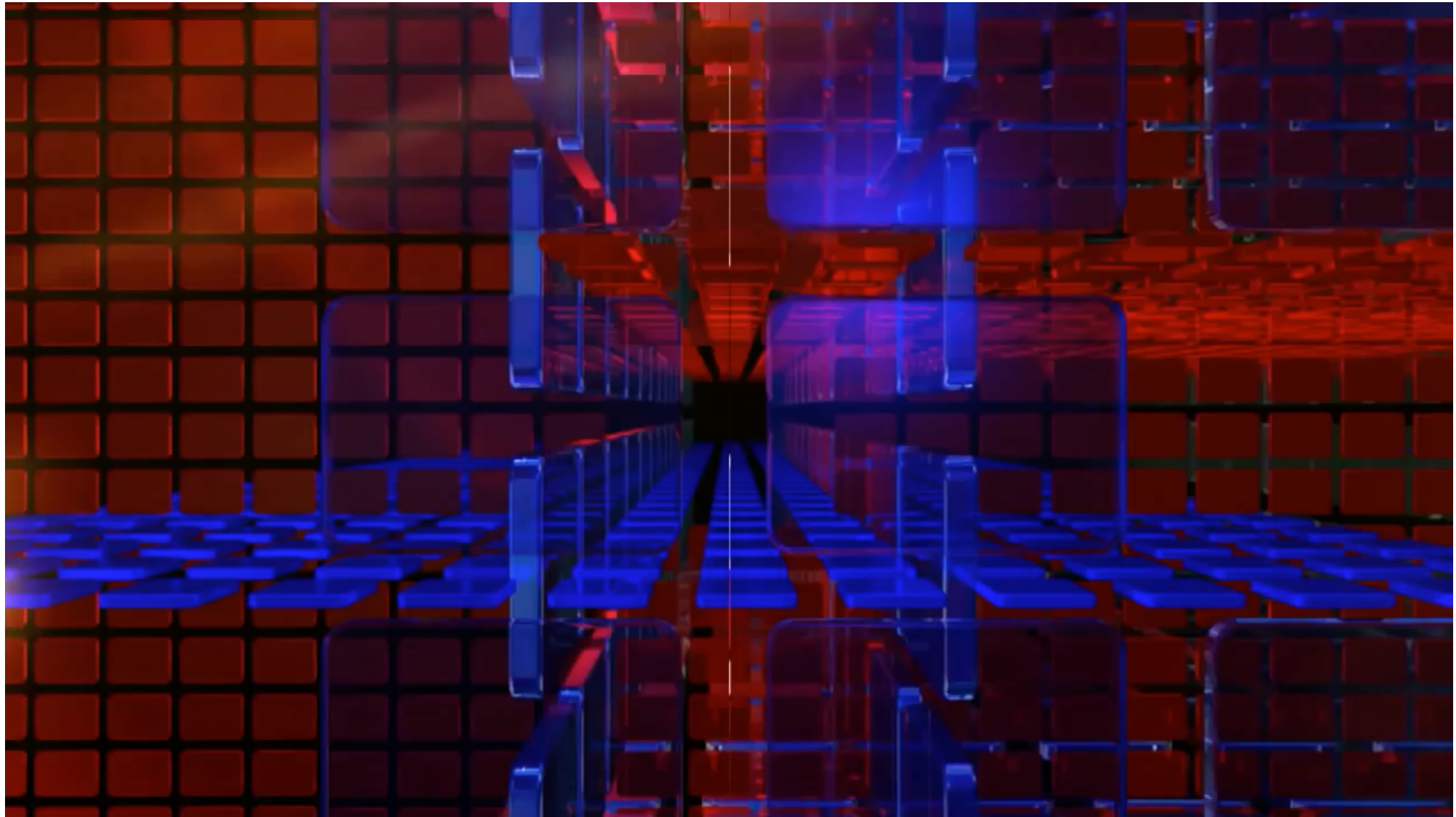
- Focus on specific consumer segments
 - A PR campaign aimed at increasing **brand equity** through customer satisfaction

A PR brand example – DOVE: Real Beauty

- 2004 – present
- Challenge + insights:
 - Research suggested that only 2% of women consider themselves beautiful
 - Insights: an idealized version of **beauty** – challenge this assumption

"We felt it was our responsibility to open up a **conversation** aimed at **widening society's definition of beauty** and invite all women to realize their potential for beauty," - Nick Soukas, VP and GM, skin cleansing and baby care USA at Dove parent company Unilever.

➔ Impact: annual sales after 10 years, from 2,5 bUSD to over 4 bUSD!

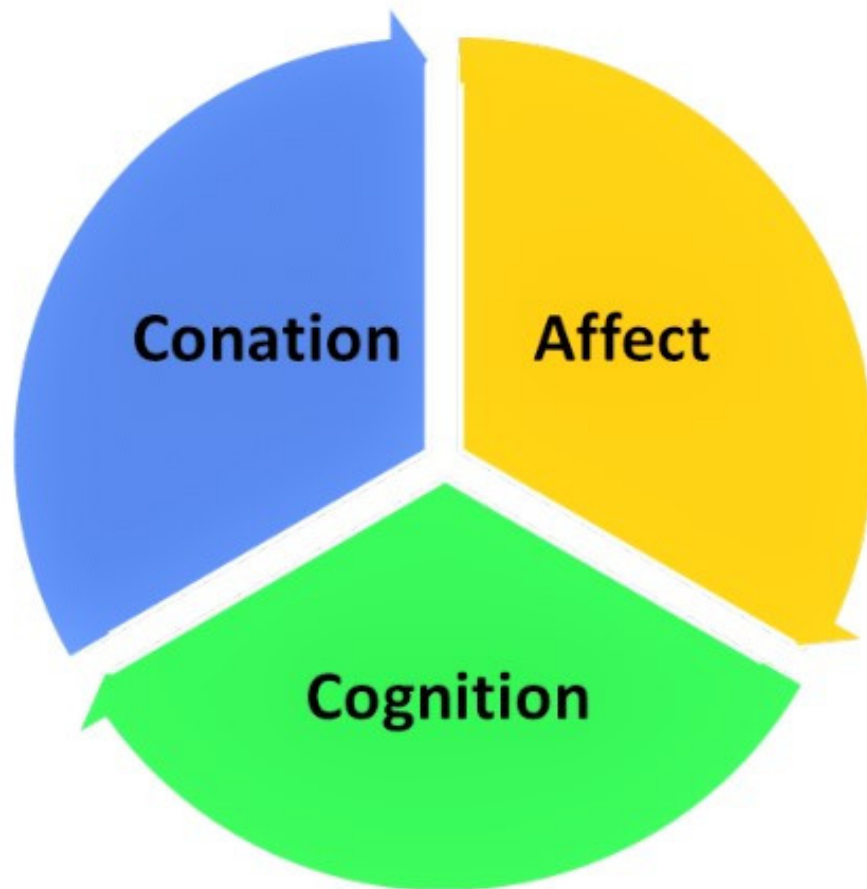


Objectives of PR

- Aimed at changing (audience) perceptions
- Brand/corporate image
- Foster relationships with audiences / stakeholders

- Effects:
 - Improve in reputation
 - Helps brand differentiate
 - Helps with customer retention – loyalty (one dimension of brand equity)

Attitude component



Cognition: knowledge as in your beliefs

Affect: emotions (positive – negative)

Conation: action

Crisis management as a more prominent feature of PR practice today

A corporate level endeavor

Crisis

- A problem or a situation with wide or local impact
- Controllable or non-controllable

Important to have pre-planned procedures in case of crisis

- Helps brands to overcome a crisis with minimum damage
- As a symptomatic approach to detect possible crisis

Brand related crisis and the Internet

- The internet has (considerably) shifted the power to consumers
- Consumers way more willing to engage and comment on brands
- The speed of information has increased the potentiality by which crisis can exponentially grow – get out of hands
- Consumer resistant groups engaging is doppelganger brand content
 - Fake sites
 - Hackers
 - Viruses ...

A more prominent example of PR crisis

- September 2015
- 11 million VW cars were manufactured and sold with a software that could detect when being tested for emission
- During the test, a normal emission would be shown
- But, on the road, the engines emitted nitrogen oxide pollutants up to 40 times above what is allowed in the US
- EPA (Environmental Protection Agency) found out about this which lead to a lot of negative publicity for the brand



Outcome

- VW brand image suffered in the eyes of the public
- The CEO resigned shortly after the scandal
- Lawsuits and compensations equated to more than **15 billion euros**
- VW is no longer the number one car manufacturer in the US, relegated to number two after Toyota
- Consumers lost trust in the brand (brand equity dimension!)

Recap points

- Develop goodwill and foster **interest**
- Develop and maintain **relationships** with consumers and stakeholders
- Good for providing brand **info** and for brand positioning
- A indispensable tool for managing **crisis**

- Prominent mediums via which PR is conducted:
 - Media (digital/traditional)
 - Events
 - Also, advertisement may be encoded via PR methodology

Q&A!

Sales Promotions

Before you decide on sales promotions

Recall from previous lectures:

- Brand challenge
- Market research + consumer insights
- Creative concept and the message
- Identify the objectives
- Think about the budget
- Think about metrics
- Think about the channels: digital and print
- Communication strategy: how we are going to achieve all this?
- → Where does, then, Sales promotion fit in?

Sales promotions

Considered a short-term tactic.

What is the objective?

- Is it to increase sales of a brand?
- Is it to foster the relationship with consumers (loyalty dimension!)
- Is it to attract a particular consumers segment?
- Is it reinforce brand values?
- Or, a combo of these?

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- Sales promotions are a tool of IMC that seek to encourage the target audience to behave in a particular way, most often to **accelerate short-term sales** in exchange for value
- Can be targeted at consumers, distributors, agents,...
- Although price-centered, sales promotions follow IMC's philosophy of customer-centricity, and the strategy is determined according to customers' needs

- There are many sales promotion techniques
- One of the “best” tools to accelerate sales
- A way of offering an incentive for receivers to buy a service/product;
→ **NOW!**

- The inducement (persuasion) is presented as an added value to the basic product → encourages buyers to act now rather than later

- The main reasons for the use of sales promotion:
 - as a reaction to competitor activities
 - as a form of inertia – “this is what we have always done”
 - as a way of meeting short-term sales objectives
 - as a way of meeting long-term objectives

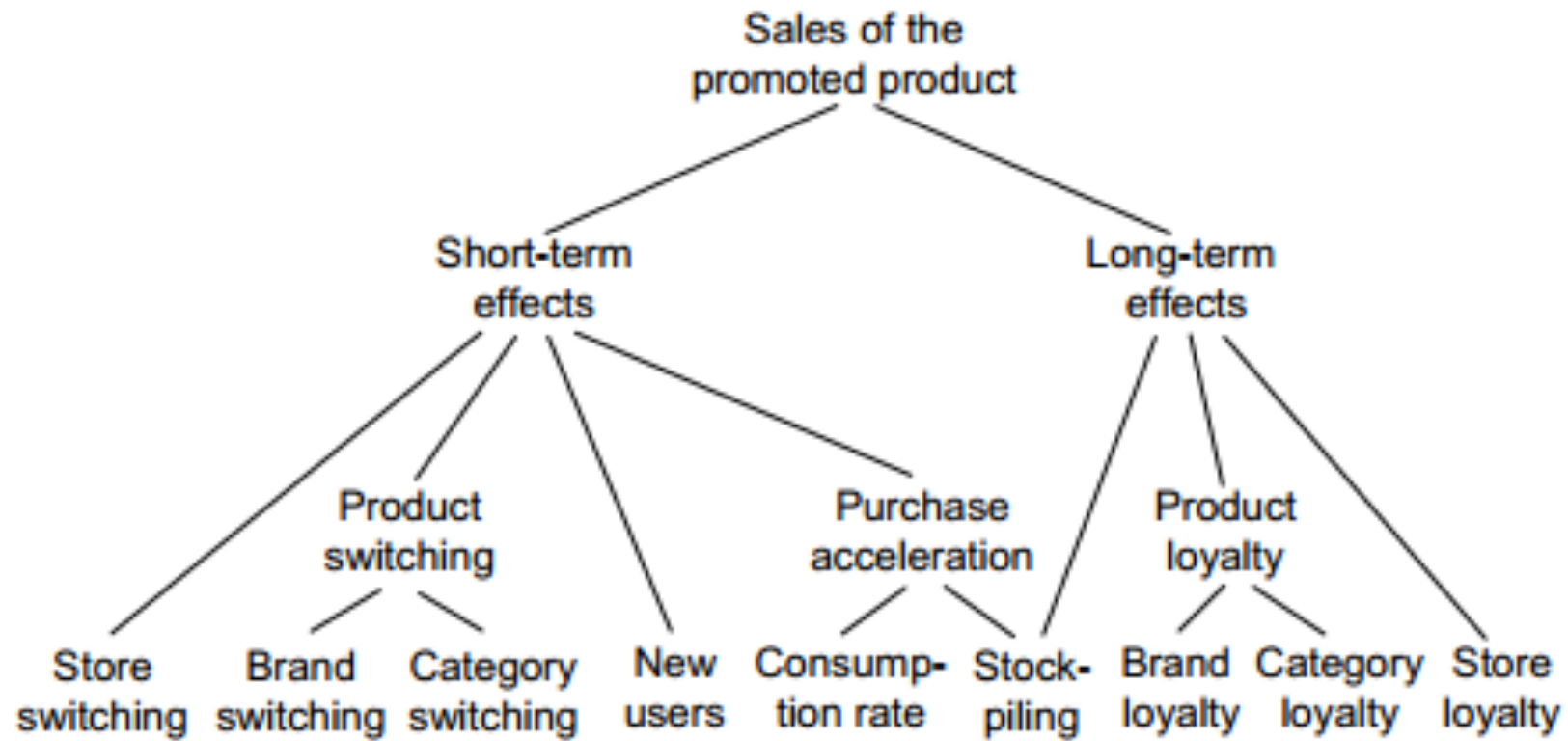


Fig. 3. Effects of Retailer Promotions

Kotler's short and long term effects of sales promotions

Why use sales promotions?

1. Reach new customers
2. Reduce distributor risk
3. Reward behavior
4. Retention
5. Add value
6. Induce action
7. Preserve cash flow
8. Improve *efficiency*
9. Integration with other communication tools

The role of sales promotions in the communication mix and marketing communications evolution

- Advertising no longer takes up the largest part of communications budgets
- Sales promotion more prominent

Some reasons:

- short termism
- managerial accountability
- brand performance
- brand expansion
- competition for shelf space

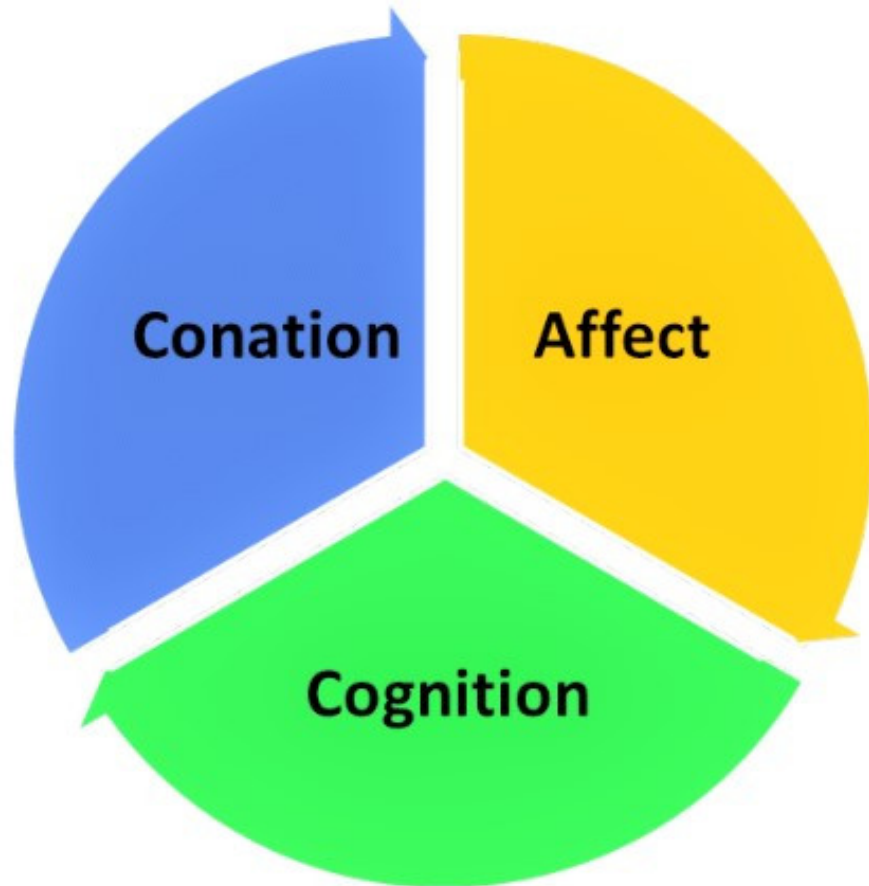
Aims of sales promotions

Sales promotions aim to **accelerate** immediate, short-term sales.

The aim is for consumers to:

- Buy a product for the first time → **action!**
- Buy a product on a routine basis → creating a series of behaviors
 - e.g.: you find your self in a similar situation every time when facing a shelf filled with different potato chips brands. Which brand do you choose on routine basis, i.e. your behavior, that is your response to the situation you find your self in when exposed to the packaging in the shelf

You also need to understand and seek to maintain or influence a particular set of attitudes



Cognition: knowledge as in your beliefs

Affect: emotions (positive – negative)

Conation: action

Objectives

- Short-term (action)
- Long-term (sets of behaviors)
 - Questioned for its negative effects on brand value (equity)
- **Customer involvement** affects the objectives of sales promotions
 - **Low involvement**: sales promotions help to stimulate trial or continued use quickly and effectively
 - **High involvement**: sales promotions should be used carefully in combination with PR and advertising or not at all

Consumer/customer involvement

		Involvement	
		High	Low
New product or market	High	Withhold sales promotion	Use sales promotion to stimulate trial
	Low	Non-loyals -use for swiching	Non loyals -use sales promotions to attract for trial
Established product or market	High	Loyals -use carefully	Loyals -use sales promotion to reward for increased usage
	Low		

- Sales promotions incur a large number of hidden costs
 - It is probable that the costs outweigh the benefits of the sales
 - 84% of trade promotions are unprofitable
- Sales promotions can lead consumers to depend on the presence of a promotion before committing to a purchase
 - If the preferred product does not carry a coupon, premium, then consumers may switch to a competitors product that does offer some element of increased value

An approach to SP

Loyalty and retention programmes

- Incentives implemented to encourage the consumers to return to the company's stores or service where they frequently make purchases
- Advanced access to new products, additional discounts or free merchandise. Customers register their personal information with the company and are given a unique identifier, such as a numerical ID or membership card → “data”

Sales promotions and the brand strategy (tactical tool vs. strategy)

- Sales promotion serves to discount a brand : customer alignment is to the deal instead of the brand
- Sales promotion has a strategic role to play in the promotional mix
- A sales promotion trap develops when competitors start to imitate each others activities
- The strategic impact of sales promotions is at best when planned as a sequence of predetermined activities (integration)
- The integration of sales promotions and direct (databases) marketing necessary

SP techniques – Consumers

- Sampling
 - Trial-size versions of the actual product are given away free
- Premiums
 - Items of merchandise that are offered free or at a low cost in return for product purchase.
- Bonus packs
 - More product for the regular pack price, typically a 2 for 1 offer.

SP techniques – retailers

- Count and recount
 - Manufacturers may require resellers to clear old stock before a new or modified product is introduced
- Training and support
 - Stronger relationships partners (manufacturers) have greater control over the messages that the resellers transmit
- Advertising allowance
 - A percentage allowance is given against a resellers purchases during a specified campaign period

A recap

- Sales promotions aim to motivate immediate sales in exchange for value
- Their objective is action
- Sales promotions' goal is mainly to achieve short-term shifts in sales
- Different sales promotions methods are used to attain loyalty and retention, but sales promotions' ability to encourage loyalty has been questioned
- Sales promotions should be incorporated into an organization's strategy to be used in combination with other promotional tools of IMC (E.g.; Advertising, PR, etc.)

Q&A!

Data bases and direct marketing

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Data bases

- Finding, processing and utilizing customer data is significantly easier, faster and cheaper
 - Web based data, loyalty programs, customer cards and deals, etc.
- Enables using data for small businesses as well as large corporations
- **Segmentation and targeting** is more efficient, which in turn leads to more **efficient** marketing communications

- Databases can be used to create personalized marketing or track behavior
- What it doesn't track is *why* (motivation) the specific behavior happened
- Databases can reveal what kind of communication is most useful for specific customer segment (remember **insights**)

Used in tandem with a set of direct media

Direct media:

- Term used to refer to media activities that generate a series of communications and responses with an existing or potential customer
- Concerned with the management of customer behavior
- Offers great scope for the collection and utilization of pertinent and measurable data (digital footprint!)

Types of Direct Response Media

Carelines

Email

Inserts - brochure

Telemarketing

Webinars

Twitter Chat

Boosted IG Post

Mail/Prints

Contest/Giveaway

Door to Door

Podcast

Radio/TV

- The argument about direct media: other promotional tools focus on mass communication, that is usually one-way and not tailored to the individual → *not the case any more!*
- Direct marketing is the solution
- Strategy used to create and sustain a personal and **intermediary-free dialogue** with customers, potential customers and other significant stakeholders

- Opportunities to provide established customers with other relevant products (from the brand portfolio), without the costs of finding new customers
 - (Perroto's 80/20 rule)
- Potentiality to touch upon all the decision making elements (AIDA)

- Direct response media:
 - A strategy that exploits the opportunity to communicate directly with current and potential consumers
- Examples include:
 - Direct email
 - Telemarketing
 - Door to door
 - The Internet, i.e., social media platforms

IMC, promotional mix tool and direct media

Direct response marketing would be utilized mainly as a set tools (mediums) for success within the constellation of the marketing mix

As this tool would be utilized to complement and influence the message designated to a target audience

Permission to market content

- Seth Godin (1999) permission marketing as a way to fight the overload of information
 - Godin argues that when consumers give consent, it contributes to a better relationships with consumers
- Permission marketing is anticipated, personal and relevant (Godin, 1999)
 - Anticipated – the consumer looks forward to hearing from you
 - Personal – information relates explicitly to consumer
 - Relevant – something the consumer is interested in (hence permission)

GDPR!

- General Data Protection Regulation (GDPR, European Union directive, 2018)
 - legislation aimed at consumer protection
- Data protection regulation across the world is trying to give consumers more power over how their data is being stored and used
 - Emphasis on permission based consent and information transparency

- Browsing data is gathered from websites by cookies and then used by companies like Google and Facebook, to target marketing
- Active consent is needed for this processing to happen: when a consumer first visits a website that uses cookies, the consumer needs to be informed (EU, 2019)

Q&A!