



So What?

The first thing Allie wanted when she woke up this morning was a nice, hot cup of coffee. So, she threw on jeans and a sweatshirt and went down to the corner coffee shop, where she presented the cashier with her 50-cents-off coupon. On the way home, she spotted a billboard for a new shoe store opening downtown. “I could use a new pair of running shoes,” she thought to herself, so she headed that way. At the store, Allie received help from a salesperson. He was very knowledgeable about all the running shoes and helped her decide on the perfect pair. On the way home, Allie flipped on the radio and heard a news story about how the shoe store was helping to revitalize its particular district of downtown.

On this typical morning, Allie was surrounded by promotional messages. Like her, we are also surrounded by these messages every day. Promotion is an important part of the marketing mix that communicates information about goods, services, images, or ideas to customers. Promotion can accomplish a number of objectives—building awareness, increasing demand, differentiating a product from its competitors, highlighting a product’s value, and changing or reinforcing customer attitudes. Read on to learn more about the different types of promotion!

Objectives



A Explain the types of promotion.



B Discuss advantages and disadvantages of promotional activities.

Just the Facts: Basics About Types of Promotion

Do you recognize the following promotional messages:

- “There’s an app for that”
- “I’m lovin’ it”
- “Imagination at work”
- “Where dreams come true”
- “A diamond is forever”
- “Expect more. Pay less.”
- “Just do it”



Chances are that you recognize most of these phrases, even if you don’t automatically remember that they are used in advertisements for Apple, General Electric, De Beers, Nike, McDonald’s, Disney Resorts and Parks, and Target.

Promotional messages serve many purposes for marketers. They come in many different shapes and forms, and marketers use a variety of methods to deliver them to their intended audiences. Each promotional message is intended to inform, persuade, or remind customers about goods, services, ideas, images, or issues. Businesses’ primary reason for using promotional messages is to encourage customers to think favorably about the company or to buy its products.

There are several kinds of promotional tools that marketers use to communicate with customers. You are probably familiar with some of these tools, which include:

- Advertising
- Personal selling
- Publicity
- Sales promotion

These tools can be employed in all promotional efforts. When using these tools to communicate, businesses generally create two distinct types of promotional messages—product promotion and institutional (or corporate) promotion.



Product promotion

The specific goal of product promotion is to persuade customers to buy a particular good or service.

Examples of product promotions include:

- Advertisements for Sprint wireless calling plans, Red Bull energy drink, or Wrigley's gum
- Salespeople's efforts to convince consumers to buy a diamond bracelet, an iPod, or a Honda Civic
- Cents-off coupons for the purchase of Doritos, Burger King Whoppers, or Revlon lipstick
- Television interviews in which a movie star encourages viewers to see his/her latest film

Product promotion, therefore, is used to stimulate purchases of goods or services. Specifically, product promotional activities can:

- Create awareness of a good or service
- Inform customers where a product can be purchased
- Inform customers about product features
- Build a reputation for a product
- Encourage interest in and inquiries about a good or service
- Create excitement and motivate retailers and salespeople

There are two kinds of product promotion—primary and secondary. Primary product promotion aims to stimulate demand, or desire, for an entire class of goods or services. The emphasis is on the product and its uses, rather than on a particular brand. For example, when you see television advertisements for beef or pork, you are probably receiving promotional messages from either the Cattlemen's Beef Board or the National Pork Board. Each organization wants you to choose its product to put on your dinner table. However, the advertisements aren't pushing a particular brand of beef or pork; rather, the competition is between the two different industries. Primary product promotion is especially useful and necessary for introducing a new concept or a totally new product.

Secondary, or selective, product promotion is used to stimulate demand for a specific brand of a product. Once the product class is already established, efforts can be focused on promoting a brand and its features or benefits. For example, Borden, Inc. uses advertising to promote its brand of milk, on the assumption that the American Dairy Association and Dairy Council promotion is stimulating primary demand for milk.

Essentially, a business or industry uses primary product promotion to compete against other industries, such as soft drinks versus fruit juices. Secondary product promotion is used to compete against other makers of the same type of product, such as Coca-Cola versus Pepsi.

Institutional promotion

Unlike product promotion, institutional (or corporate) promotion does not attempt to sell a good or service. The primary goal of corporate promotion is to create a certain image of the company in the customers' eyes. This can be accomplished by informing customers about the company, its ideas, and its philosophy. Often, companies take positions on important issues, and these, too, are communicated to the public through institutional promotion.

The belief is that corporate promotion can create favorable public attitudes toward the firm, which will lead to increased product sales. For example, New Balance Athletic Shoes, Inc. has been a national sponsor of the Komen Race for the Cure since 1991. The annual event raises millions of dollars to fund breast cancer research. New Balance Athletic Shoe's involvement reinforces in consumers' minds its commitment to community health issues.

The Other
White Meat



PEPSI





Institutional promotion can be used to:

- **Change a particular attitude toward a firm or its products**

In recent years, the tobacco industry has come under fire for promoting its products, which are associated with various forms of disease. In an effort to clean up this negative image, tobacco companies such as Philip Morris have been engaging in institutional promotions such as its QuitAssist program and resources for helping smokers kick the habit.

- **Inform customers of the company's interest in social or environmental issues**

Corporate giant IBM has a long-standing commitment to environmental leadership in the business world. The company has a written environmental-affairs policy and participates in many voluntary initiatives, such as membership in the Wildlife Habitat Council.

- **Inform the public about the company's future**

When wireless communication provider Verizon bought Alltel in 2009, the company engaged in a promotional campaign to let its customers and the general public know about the change.

- **Inform customers of the company's name and its type of business**

During the rise in the popularity of the Internet, many on-line travel agencies such as Expedia and Travelocity were born, and then they began promotions to let the public know about their services.

- **Show the company's commitment to quality, technology, or research**

The world's largest research-based pharmaceutical company, Pfizer, uses institutional promotion to demonstrate to the public its commitment to using research to help people live longer, healthier, happier lives.

- **Enhance company morale and recruit new employees**

Battelle, a global science and technology corporation, holds many recruiting events and initiatives all over the country.

- **Build or reinforce a favorable company image**

Coca-Cola's \$5 million donation of bottled water and other beverages to hurricane-ravaged New Orleans in 2005 is one example of institutional promotion meant to help build a highly favorable company image.

The Gray Zone

Every company or organization engages in some type of promotional activity, and alcohol companies are no exception. Their promotional activities are often controversial, especially when it comes to advertising. Most people agree that advertising affects everyone on a daily basis, whether they realize it or not. And this includes impressionable young children and adolescents. Many people think it is unethical for alcohol companies to advertise their products when it can influence young people. Some critics even claim that many of these ads are actually *targeted* toward this specific audience. Often, these ads portray drinkers as “cool,” active, happy people when, in reality, the habit does not contribute to this type of lifestyle. As a matter of fact, it may contribute to just the opposite—addiction, depression, and even death.

Alcohol companies maintain, however, that there is nothing unethical about their advertising practices. There are legal ages for purchasing alcohol and warnings on product packaging. They even offer resources for parents to talk to their children about not drinking. Beyond that, they shouldn't be held responsible. What do you think? Is it unethical for alcohol companies to advertise their products when children might be affected?

There are three kinds of institutional promotion—public service, public relations, and patronage.

Public service. Public-service promotions inform customers about noncontroversial issues that are in the public's best interest. For example, insurance companies sometimes promote improved health through changes in dietary and exercise habits. Many times, companies sponsor public-service announcements on local television stations, highlighting issues such as community drug prevention or after-school participation in sports or arts programs. Public-service promotions build goodwill for the company, especially when they depict the company as a friend of the community.

Public relations. Public-relations promotions are created to deal with issues that are in the public's interest but are also related to the company or its products. These promotional activities may be either proactive (the business takes the initiative to promote itself) or reactive (the business engages in the activities in response to an external situation, such as a lawsuit). They are used to influence a company's image directly, such as improving a negative image or establishing a positive one before negative feelings arise.



A negative image may be countered by confronting an issue that is controversial for the firm. An example of this would be the reaction of Purina when some of its pet foods were linked to the deaths of cats and dogs. The company's public relations team sprang into action, issuing press releases to let the public know they were doing everything possible to investigate and resolve the situation. When the situation was finally sorted out, Purina celebrated with its customers by offering coupons for free pet food.

Celebrities often have to overcome negative images created by their actions. When Michael Phelps, the USA's gold-medal winning swimmer, was photographed smoking what appeared to be an illegal substance, he went to the media to apologize for his mistake.

Positive images can be established through public-relations advertising by sponsoring non-profit organizations or showing how the company is attempting to improve the quality of life. Office Depot, for example, contributes to local schools through the National Backpack Program and various teaching grants.

In addition to being either proactive or reactive, public relations efforts may focus on any one of the business's many "publics," including the general public, customers, vendors, employees, stockholders, and even the government. Whether the information is positive or negative, the public tends to view information from the media as more credible than that found in advertising.



Patronage. Patronage promotions are designed to promote a firm's prestige or its features. When GE's marketers say that their company is "imagination at work," they are positioning the company as prestigious and innovative in customers' minds. Presenting information about the firm's features that will benefit the customer is another way to sell the firm for non-product reasons. For example, patronage promotions developed for a local bank might tell customers about extended hours or a new location.

Summary

Promotional messages encourage customers to think favorably about the company or to buy its products. Two distinct types of promotional messages are product promotion and institutional promotion. Product promotion persuades customers to buy a particular good or service. Primary product promotion aims to stimulate demand, or desire, for an entire class of goods or services. Secondary, or selective, product promotion is used to stimulate demand for a specific brand of a product. Institutional promotion creates a certain image of the company in the eyes of the customer. There are three kinds of institutional promotion—public service, public relations, and patronage.

1. What is the specific goal of product promotion?
2. List three examples of current product promotions.
3. What are four uses of product promotion?
4. What is the purpose of primary product promotion?
5. Give an example of primary product promotion.
6. What is the purpose of secondary product promotion?
7. Give an example of secondary product promotion.
8. What is the primary goal of institutional, or corporate, promotion?
9. Identify four uses of institutional promotion.
10. What is the purpose of the following types of institutional promotion—public service, public relations, and patronage?

Advantages and Disadvantages of Promotional Activities

Most promotional activities can be seen as contributing in a positive way to consumers' lives, to corporations, and to society in general. However, there are individuals and groups in our society that are critical of product and institutional promotion. What do you think about promotion? Have you ever really thought about how it affects your life? Let's consider promotional activities from both sides and examine their advantages and disadvantages.

The advantages and disadvantages of promotion

Promotional activities can be viewed as providing advantages or benefits to society and the mass media. Promotion is thought to contribute to economic growth and business activity by encouraging customers to purchase and use new and improved products. Society also benefits from promotional activities because of the money these activities add to our economy and the jobs they create. The mass communication media—radio, television, newspapers, and magazines—are either partially or completely supported by promotional dollars. Without this money financial support of the media would probably be passed along to customers.



The companies that use promotion benefit directly from their efforts. These activities create awareness of the company and its products. As a result, customers may become interested in a good or service and ultimately make a purchase. Corporate promotion can also help to develop or enhance a company's image. And as you now know, this is believed to influence sales positively.



Customers benefit from promotional activities that encourage a higher standard of living. Promotion raises our standard of living by making us aware of the goods and services available to meet our needs. Promotional activities also make us better educated customers, and better educated customers make more intelligent purchases.



The disadvantages of promotional activities stem mainly from their misuse and inability to achieve certain goals. The individuals and groups critical of promotional practices think that:

- **Some promotions are deceptive.** Sometimes promotions make false or exaggerated claims about a product. While there are many laws in place to ensure “truth in advertising,” misleading claims about a product’s benefits are quite common. For example, drinking a sports/energy drink does *not* automatically mean you will become a gifted athlete, and taking certain weight-loss supplements will certainly *not* guarantee you a perfect body like the model in the commercial.
- **Promotion manipulates consumers.** Critics feel that promotion persuades people to buy goods or services that they do not want or need. While promotion cannot make people act against their will, promotion *does* influence purchase behaviors.
- **Some promotion is offensive.** Much promotion, especially advertising, is considered to be in bad taste, vulgar, and insulting to human intelligence. Advertisements that are sexually explicit are often considered offensive.
- **Promotion may create and reinforce stereotypes.** Promotion is believed to create and reinforce stereotypes through portrayals of women or minorities. Women are, for example, often shown as sexual objects or as always being responsible for a household’s cooking and cleaning chores.
- **Promotion plays upon people’s fears.** By focusing on people’s insecurities and the unfavorable outcome of not buying a product, promotion can sometimes play on fears. Advertisements for personal-hygiene products are notorious for doing this. No one wants to have bad breath or body odor, and these ads attempt to convince consumers that only their companies’ products will work to prevent these problems.
- **Promotions have limited abilities.** Critics of promotions say that promotional activities are limited in their abilities. For example, the use of promotions simply cannot:
 - ✓ **Make up for the poor quality of a good or service.** A product’s reputation will develop based on the quality of the good or service, not on its promotion.
 - ✓ **Immediately achieve major success for a company or its products.** Promotion is believed to achieve better long-term, rather than immediate, customer response to the promotional message.
 - ✓ **Substitute for salespeople who are talented and well trained.** For many goods and services, promotion just cannot take the place of qualified salespeople.



Product promotion is specifically criticized for not adding any value to goods or services. In other words, the product is not improved or made better in any way by the money spent on promotion. And, it is believed by some that the cost of promotion increases the price that customers pay for goods and services.

Finally, institutional promotion is sometimes attacked because:

- Institutional promotion may be costly.
- Money spent on institutional promotion may take money away from product promotion.
- The effectiveness of institutional promotion is difficult to measure.
- In controversial situations, institutional promotion might stir up debates when keeping a low profile might be better.

Summary

There are several advantages of promotional activities. They contribute to economic growth and business activity, and they support the mass communication media. Companies benefit directly because these activities create awareness of the company and its products. Customers benefit because these activities raise our standard of living and make us better educated customers who are able to make more intelligent purchases. Critics list many disadvantages of promotion as well. They can be deceptive, manipulative, and play on consumers' fears. They can be offensive and reinforce stereotypes. Also, they have limited abilities. Product promotion does not add value to goods and services. Institutional promotion can be costly and difficult to measure.



TOTAL RECALL

1. List three benefits of using promotional messages.
2. Identify three disadvantages or misuses of promotion.
3. List three disadvantages of institutional promotion.

Make It Pay!

As you go throughout your day tomorrow, try to be aware of all the promotional messages you receive. Write them down in your notebook. Try to keep track of each television commercial you see, coupon you use, or Internet ad that pops up on your computer screen. Don't forget about sales pitches and publicity (news stories) as well. At the end of the day, look at each item on your list and identify it as product promotion or institutional promotion. If it's product promotion, is it primary or secondary? Think about how each message affected you. Were your purchasing decisions influenced? If so, how? Did anything cause you to think differently about a company, an organization, an idea, or an issue? If so, what was it? How did this day change your perception of promotional activities?



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