

Chapter 10: Branding and promotion

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- Promotion: businesses do it to draw attention to their products/services/companies. Other goals of promotion are:
 - *obtain* or *retain* customers
 - *inform* consumers about *new* product
 - *remind* consumers about *existing* product
 - reach a *widely dispersed* target audience
 - *reassure* customers about products
 - show customers that *rival products* are not as good
 - improve or develop the *image of the business*
- *Above-the-line* promotion: advertising in the media (e.g., TV, newspaper). Advertising may be placed in *different categories*:
 - *informative advertising*:
 - * adverts designed to increase *consumer awareness*
 - * gives clear information about the *features of a product*
 - * Example: classified advertisements in newspaper
 - *persuasive advertising*:
 - * designed to *put pressure* on consumers to buy a product
 - * convince consumer to buy a particular brand *rather than that of a competitor*
 - * appeals to emotions (e.g., fear, pity, respect for authority, fascination with celebrities)
 - * Example: TV and cinema adverts
 - *reassuring advertising*:
 - * aimed at *existing* customers
 - * comforting and suggesting that customers should continue to buy a particular product
 - * Example: businesses selling financial services (e.g., *your money is safe us*)

Table 1 The advantages and disadvantages of selected advertising media

Media	Advantages	Disadvantages
Television	Huge audiences can be reached The use of products can be demonstrated Sound and movement can be used Scope for targeting groups with digital TV	Very expensive Message may be short-lived Some viewers avoid TV ads Delay between seeing ads and shopping
Newspapers and magazines	National and local coverage Reader can refer back Ads can be linked to articles and features Vouchers and coupons can be used Scope for targeting with specialist magazines Relatively cheap	No movement or sound Individual ads may be lost in a 'sea of ads'
Cinema	Big impact with a big screen Can be used for local and national advertising Specific age groups can be targeted Sound and movement can be used	Limited audience Message may only be seen once Message is short-lived
Radio	Sound can be used Minority audiences allow targeting Cheap production Can target youngsters	Not visual May be ignored May lack impact Can be intrusive when listening
Posters and billboards	Can produce national campaigns Seen repeatedly Good for short sharp messages Large posters can have big impact	Posters can get damaged by vandals Only limited information can be shown Difficult to evaluate effectiveness
Internet	Can be updated regularly Can be targeted Hits and response can be measured Can be sent to mobile devices For goods available online, there is no delay between seeing ads and shopping for the product online	Some ads such as pop-up ads are irritating Possible technical problems

- *Below-the-line* promotion: any form of promotion that does not involve advertising
 - sales promotions: relies on idea that *if new customers are attracted they will continue to buy the product*. Examples:
 - * free gifts (e.g., computer + free software)
 - * coupons (e.g., attached to products, in newspaper adverts, in letterboxes)
 - * loyalty cards (e.g., collecting points that are exchanged for cash or free goods)
 - * competitions (e.g., free entry to competition if product is bought)
 - * BOGOF offers: buy one, get one free
 - * Money-off deals: similar to BOGOF (e.g., an extra 20% free)
 - public relations: increase sales by improving the *image of the business*
 - * press releases: presentation of some information (in media) about a business to the media (e.g., creation of 2000 new jobs)
 - * press conferences: representatives of business meet the media and present information verbally (e.g. invitation of press to the launch of business)
 - * sponsorships: businesses attract publicity by linking their brands with events
 - * donations: donations to charities and local community can be used to *improve image*
 - merchandising and packaging: arrange the *point of sale* so that it is interesting and encourages sales

- * product layout: layout of products in store are *planned carefully*
- * display material: posters, leaflets, light effects are used to *draw the attention of customers*
- * stock: *keep shelves well stocked* (empty shelves make bad impression)
- direct mailing: businesses mail out leaflets or letters to households (or emails and text messages) that contain information about new products (increase in *personalised marketing*)
- direct selling or personal selling: sales representative calls households or businesses (advantage: features of product can be discussed immediately; disadvantage: people find it irritating)
- exhibitions and trade fairs:
 - * products can be tested
 - * businesses that are not present locally can *break into new markets*
 - * physical demonstration of products
 - * attracts media
 - * customers can directly talk to senior representatives of the business
- *Choice of methods of promotion. Question: What affects the choice of promotion?*
 - cost: not all businesses can afford ads on TV
 - market type: *local businesses* ⇒ newspapers/yellow pages; *larger businesses* ⇒ TV/national newspapers/specialist magazines
 - product type (cars not suited for BOGOF, supermarkets not suited for personal selling)
 - stage in the product life cycle (PR used at launch of product but other promotional methods are used as product matures)
 - competitors' promotions (copying competitors' methods)
 - legal factors: tobacco products not allowed to be advertised in EU
- *Types of branding. Brands can be in several forms:*
 - manufacturer brands: brands created by the producers of goods and services (e.g., Dell computers, Kellogg's, Gillette)
 - own-label brands (or distributor/private brands): products that are manufactured for wholesalers or retailers by other businesses. But wholesalers and retailers sell the products under their own name.

- generic brands: products that only contain the name of the actual product category rather than the company or product name (e.g., aspirin, aluminium foil)
- Question: What are the *benefits* of strong branding?
 - *added value*: adds *competitive edge* (e.g., capture a *desirable image* that is reflected in the brand like *perfumes ads*)
 - ability to *charge premium price*: products with strong brands can be charged at higher prices due to *customer loyalty*
 - *reduced price elasticity of demand*: with a strong brand and lower price elasticity, price increases are more viable
- Question: What are the *different methods* for building a brand?
 - *exploiting a USP*
 - * if a product has a USP, it is much easier to *differentiate* the brand
 - * Example: *exclusivity* for luxury brands as Prada and Gucci
 - *advertising*
 - * spreads the word about a brand (*familiarity* with the products)
 - * *reassures* customers
 - * source of *pride* for customers
 - * Note: importance of advertising is reflected in the amount that businesses spend in it

Table 2 Top 10 global advertisers in (2013)

	Company	Ad spend (\$ billion)
1	Procter & Gamble	11.47
2	Unilever	7.91
3	L'Oréal	5.93
4	Toyota	3.44
5	General Motors	3.35
6	Volkswagen	3.23
7	Nestlé	3.12
8	Coca-Cola	2.9
9	McDonald's	2.86
10	Pepsi	2.74

- *sponsorship* (e.g., in sports)
 - * raise *brand awareness*
 - * create *positive PR* and raise *corporate awareness*
 - * build *brand positioning*: link product to attractive images
 - * support *promotional campaigns*
 - * create *emotional commitment* to brand

- * promote *good relations with customers*
- using *social media* (e.g., Facebook, Twitter, Instagram, Google+, ...)
- * allows to *focus on particular customer groups*
- * allows to get information about the customers
- * direct communication with customers
- * seeing that a business is active in social media may *increase trust*
- * the presence of a business in social media may send the signal the *business cares about its customers*
- Note: Building a brand is *continuous process*. Even strong brands will continue to invest in *reinforcing* their brands
- Question: How has *branding and promotion* changed over time?
 - the rise of the *internet* over the past 20 years has pushed businesses to use it more actively
 - *viral marketing*: strategy that encourages people to pass on messages to others about a product/business *electronically*
 - * *exponential growth* of the message (rapid multiplication)
 - * messages are illustrated with photographs and video clips
 - * Example: Volvo trucks and JCVD (viewed 85 million times)
 - *emotional branding*: practice of using the emotions of a customer to build a brand
 - * designed to appeal to a customer's *emotion, human need, or perceived aspiration*
 - * goal: develop a *love affair* between a consumer and a brand
 - * based on the idea that people's actions are driven by *emotions* rather than *reason*
 - * Example: Apple who wants to project a *cool* product image (e.g., people queue for hours to buy their product)
 - Read chapter and do Question 3 p.55 (will be corrected together next class!)