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# Branding and promotion

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# WHAT IS PROMOTION?

*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

*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 *exiting* 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*)

Media	Advantages	Disadvantages
Television	<ul style="list-style-type: none"> <li>Huge audiences can be reached</li> <li>The use of products can be demonstrated</li> <li>Sound and movement can be used</li> <li>Scope for targeting groups with digital TV</li> </ul>	<ul style="list-style-type: none"> <li>Very expensive</li> <li>Message may be short-lived</li> <li>Some viewers avoid TV ads</li> <li>Delay between seeing ads and shopping</li> </ul>
Newspapers and magazines	<ul style="list-style-type: none"> <li>National and local coverage</li> <li>Reader can refer back</li> <li>Ads can be linked to articles and features</li> <li>Vouchers and coupons can be used</li> <li>Scope for targeting with specialist magazines</li> <li>Relatively cheap</li> </ul>	<ul style="list-style-type: none"> <li>No movement or sound</li> <li>Individual ads may be lost in a 'sea of ads'</li> </ul>
Cinema	<ul style="list-style-type: none"> <li>Big impact with a big screen</li> <li>Can be used for local and national advertising</li> <li>Specific age groups can be targeted</li> <li>Sound and movement can be used</li> </ul>	<ul style="list-style-type: none"> <li>Limited audience</li> <li>Message may only be seen once</li> <li>Message is short-lived</li> </ul>
Radio	<ul style="list-style-type: none"> <li>Sound can be used</li> <li>Minority audiences allow targeting</li> <li>Cheap production</li> <li>Can target youngsters</li> </ul>	<ul style="list-style-type: none"> <li>Not visual</li> <li>May be ignored</li> <li>May lack impact</li> <li>Can be intrusive when listening</li> </ul>
Posters and billboards	<ul style="list-style-type: none"> <li>Can produce national campaigns</li> <li>Seen repeatedly</li> <li>Good for short sharp messages</li> <li>Large posters can have big impact</li> </ul>	<ul style="list-style-type: none"> <li>Posters can get damaged by vandals</li> <li>Only limited information can be shown</li> <li>Difficult to evaluate effectiveness</li> </ul>
Internet	<ul style="list-style-type: none"> <li>Can be updated regularly</li> <li>Can be targeted</li> <li>Hits and response can be measured</li> <li>Can be sent to mobile devices</li> <li>For goods available online, there is no delay between seeing ads and shopping for the product online</li> </ul>	<ul style="list-style-type: none"> <li>Some ads such as pop-up ads are irritating</li> <li>Possible technical problems</li> </ul>

## BELOW-THE-LINE PROMOTION

*Below-the-line* promotion: any form of promotion that does not involve advertising

- ▶ **Sales promotions:** free gifts, coupons, loyalty cards, competitions, BOGOF offers, money-off deals
- ▶ **Public relations:** press releases, press conferences, sponsorships, donations
- ▶ **Merchandising and packaging:** product layout, display material, stock
- ▶ **Direct mailing:**
- ▶ **Direct selling or personal selling:**
- ▶ **Exhibitions and trade fairs:**

## CHOOSING METHODS 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

- ▶ *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)

## 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

# WAYS TO BUILD 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

	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

## WAYS TO BUILD A BRAND

- ▶ *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

## CHANGES IN BRANDING AND PROMOTION TO REFLECT SOCIAL TRENDS

- ▶ 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)

Mean percentage of marketing budget spent on social media



## KEY TERMS

- ▶ **Above-the-line promotion:** Placing adverts using the media
- ▶ **Advertising:** Communication between a business and its customers where images are placed in the media to encourage the purchase of products
- ▶ **Below-the-line promotion:** Any promotion that does not involve using the media
- ▶ **Emotional branding:** The practice of using the emotions of a consumer to build a brand

## KEY TERMS

- ▶ **Generic brands:** Products that only contain the name of the product category rather than the company or product name
- ▶ **Manufacturer brands:** Brands created by the producers of goods or services
- ▶ **Marketing mix:** The elements of a business's marketing that are designed to meet the needs of customers. The four elements are often called the '4Ps' product, price, promotion and place
- ▶ **Merchandising:** A promotion specifically at the point of sale of a product

## KEY TERMS

- ▶ **Own-label, distributor or private brands:** Products that are manufactured for wholesalers or retailers by other businesses
- ▶ **Point of sale:** Any point where a consumer buys a product
- ▶ **Promotion:** An attempt to obtain and retain customers by drawing their attention to a firm or its products
- ▶ **Public relations:** An organisation's attempt to communicate with interested parties
- ▶ **Sales promotions:** Methods of promoting products in the short term to boost sales
- ▶ **Sponsorship:** Making a financial contribution to an event in return for publicity
- ▶ **Viral marketing:** Any strategy that encourages people to pass on messages to others about a product or a business electronically