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David W. Nylen  
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## C.29 Promotional Mix

### ELEMENTS OF THE PROMOTIONAL MIX

The promotional mix decision (also called the promotional blend decision) is part of the task of designing a **marketing mix**. The decision is concerned primarily with the promotion variable, but also interacts with other elements of the marketing mix.

**Definition of the Concept.** The **promotional mix** decision determines the allocation of the total promotional budget among personal selling, advertising, sales promotion, publicity, and other communications tools. As part of determining the allocation of funds, the promotional mix decision usually results in defining the role that each element of the promotional mix will be asked to fill.

**Timing of the Promotional Mix Decision.** The promotional mix decision should be made early in the process of designing the marketing mix because it interacts with other marketing mix decisions, especially distribution. For example, the decision to sell direct to retailers rather than through one or more levels of middlemen would usually require that a large proportion of promotional resources be allocated to personal selling to establish and maintain retailer accounts. Early consideration of the promotional mix allows such tradeoffs between the promotional mix and other marketing mix variables to be evaluated.

The promotional mix decision should also be made before other, more detailed promotional program decisions because it provides direction to those other promotional decisions. For example, a decision to allocate most promotional dollars to personal selling and use advertising in a supporting role will influence both media selection and advertising content. Media selection will avoid expensive mass media like television and lean toward more tightly tar-

geted, lower total cost media such as specialized magazines. Advertising copy will center more on delivering prospects to the sales force and less on trying to directly generate sales.

The promotional mix decision cannot be made until a total promotional budget has been set. Unfortunately, what happens in many firms is that promotional budgets are separately set for personal selling, advertising, and other promotional elements, with the total promotional budget being the sum of the individual budgets. The allocation of the budget among the promotional mix elements is thus never explicitly considered, but is a result of historical allocations or the politics of the firm. One of the reasons for consolidation of all marketing activities under a marketing director, an outgrowth of the **marketing concept**, is to assure that such allocation decisions as the promotional mix are made and are consistent with product direction.

Following from this, it should be clear that the promotional mix decision should not be made until the positioning decision and marketing objectives have been established. These decisions provide explicit direction that the promotional mix decision should follow. This direction is detailed below.

**The Promotional Alternatives.** The major elements in the promotional mix to which funds must be allocated are usually considered to be personal selling, advertising, sales promotion, and publicity. Of these four, the allocation decision tends to center on two: personal selling and advertising. Sales promotion and publicity are usually used as supporting activities for personal selling and advertising and thus allocations and role are dependent on decisions made for those major elements.

There may be other elements in the pro-

motional mix in addition to the four mentioned. Some companies, for example, consider packaging to be a promotional element and there are cases where packaging expenses are greater than advertising. In-store displays, salemen's giveaways, customer service, and trade shows are other elements that might be considered as separate promotional mix elements. A business might also wish to break down the major promotional mix elements into separate components for allocation. For example, advertising might be separated into consumer advertising and trade advertising components. In practice, each separately budgeted and, thus, separately controllable promotional element should be considered for allocation under the promotional mix decision.

**Role of the Promotional Elements.** Each of the promotional elements—personal selling, advertising, sales promotion, and publicity—has a different communications capability. This capability plays an important part in determining the role of a promotional element in the mix and the funds that will be allocated to it.

- **Personal Selling.** Personal selling is the most flexible of the communications forms. Sales representatives can listen to feedback from prospects and adapt the sales presentation to their needs. They can develop personal relationships with buyers. Personal selling is the best form of communication for persuading prospects to buy and for closing the sale. But personal selling is by far the most expensive form of communication per contact, with cost per call often amounting to several hundred dollars.
- **Advertising.** The attributes of advertising tend to be the opposite of those for personal selling. Advertising is relatively inflexible. It does not adapt to feedback because it is one-way communication. The message is not tailored to meet the needs of separate individuals; everyone gets the same message. Advertising is impersonal; it does not build personal relationships. However, advertising is a great deal less expensive per contact than personal selling, especially when prospects are geographically dispersed. Advertising is also able, in some cases, to reach people who will not see a

salesperson or to reach prospects that the salesperson has not identified. Advertising works best at creating awareness of a product or in communicating knowledge about its attributes. It is relatively weak at closing a sale. Advertising, because it is handled as a centralized activity is far more controllable than is a field sales force.

- **Sales Promotion.** **Sales promotions** are short-term promotional programs offering special incentives to accomplish specific objectives. Sales promotions are used to support the efforts of the personal selling program or the advertising program. They can be used to meet sales force objectives, can be directed at distribution channel members, or can be focused on end users of the product. A sales promotion is designed to meet a specific, short-term objective. A selling contest could be used to provide incentive to salesmen to push a particular product line. An introductory discount could be offered to retailers to encourage them to stock and display a new product. A 50-cents-off coupon could be offered to consumers to get them to sample a new product.
- **Publicity.** **Publicity** is an unpaid form of communication appearing in the mass media. Although publicity stories are written or "inspired" by the marketer, they may have greater credibility and receive greater attention from consumers than advertising because they appear not to be sponsored. Publicity works best when the product is newsworthy, such as when a new product, new model, or new feature is introduced. Newsworthy events involving the product can sometimes be created to give product publicity. Sponsorships of sporting events or charity events are examples. Publicity programs can be cost efficient, but they are not free; they require investment in skilled public relations professionals. Publicity is usually used to reinforce selling messages also being delivered through personal selling, advertising, and sales promotions.

## CRITERIA FOR SETTING THE PROMOTIONAL MIX

Like most major marketing mix decisions, determining the promotional mix is a complex decision requiring the use of several tools. The positioning and objectives play an important directional role. Where requisite

data are available, a management science approach can be taken. And there are a variety of rules of thumb that stem from the situation confronting the product and its communications goals. The decision criteria are discussed below and summarized in Figure C.29-1.

**Taking Direction from Positioning and Objectives.** In making the promotional mix decision, the marketer should first turn to the **positioning** decision and the related marketing objectives that provide coordinating and focusing direction for all marketing mix decisions (see GLOSSARY entry B.1). The positioning decision defines the target market, the competition, and the source of competitive advantage for the product. The promotional mix decision may gain direction from each of these. For example, is the target mar-

ket better reached by personal selling or by advertising? What is the promotional blend of competitive products? Can the choice of promotional blend heighten the product's competitive advantage?

If a marketing plan has been developed for the product, the positioning decision would normally be accompanied by the formation of marketing objectives that address specific problems facing the product (see Chapter 4). Some of these objectives must be met in whole or in part by promotional programs and will provide further direction to the promotional mix decision. For example, an objective to build initial awareness for a new product (or feature or model) would suggest promotional mix emphasis on advertising. An objective to broaden the customer base by introducing new users to the product would suggest allocating funds to sales promotion.

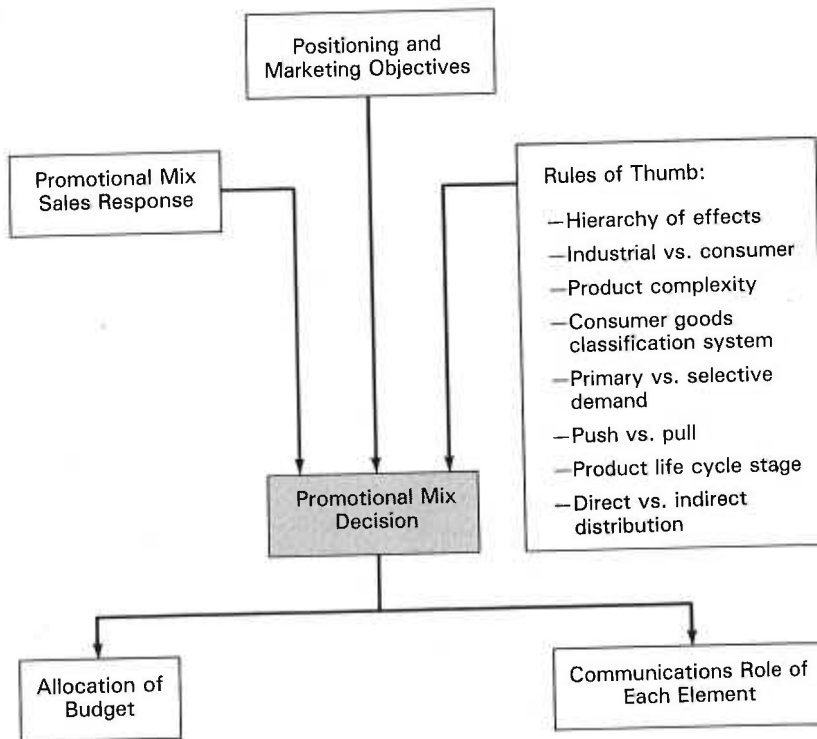


FIGURE C.29-1  
The Criteria for the Promotional Mix Decision

*Utilizing Sales Response Curves.* When the data are available, sales response curves for alternative elements in the promotional mix can be used to guide the allocation decision.<sup>1</sup> A **sales response curve** shows the sales generated by various levels of expenditure on a promotional blend element. Figure C.29-2 shows a hypothetical sales response curve for expenditures on advertising. Sales response curves typically show diminishing returns as promotional expenditures are increased. If the sales response curves for all promotional mix elements are known, a model can be formed that applies the equi-margin principle to generate an optimal allocation of funds between the elements of the mix. (The equi-margin principle simply states that an optimal solution is found when the revenue gain from the last promotion dollar allocated is the same for each promotional mix element.)

Sales response curves for individual promotional mix elements are rarely available, but sales results of different promotional mixes can sometimes be estimated and used to improve the mix in use for a product. Where do these sales response estimates come from? One way to derive them is from managerial judgment. A number of experienced marketing managers are systematically asked their opinions about the sales effects of changing allocations among promotional mix elements. Their judgments are combined to estimate sales response for **different mix combinations**. Another approach is to use a series of market tests using different promotional mixes in representative test areas and measuring sales results from each mix alternative. A third source is historical sales results that might be collected and analyzed by the firm's **marketing information system**. Sales results can be correlated with changes in the promotional mix to generate sales response estimates.

All these estimation methods contain major technical problems that limit the use of

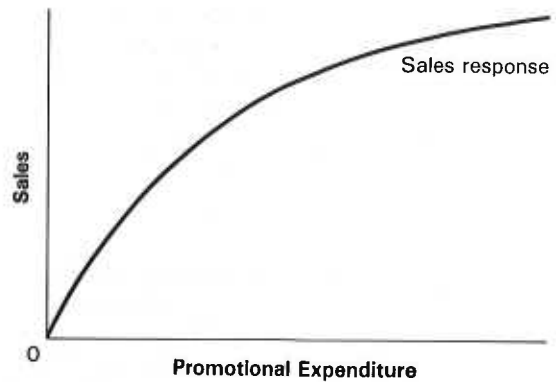


FIGURE C.29-2  
A Sales Response Curve

the results. More important, most firms do not systematically gather such data. However, to the extent that it is available, the marketer should use it as one of several sources of assistance in making the promotional mix decision.

*Rules of Thumb for Determining the Promotional Mix.* In addition to gaining guidance from the product's positioning and marketing objectives and, perhaps, from sales response curves, marketers have developed a number of helpful rules of thumb to guide the promotional mix decision.

- *Communications Objectives.* The **hierarchy of effects** describes the information processing steps that a consumer goes through from initially hearing about a product to finally purchasing it (see GLOSSARY entry C.3). The stages are awareness, knowledge, liking, preference, intention to buy, and purchase. The objective of promotion can be thought of as moving consumers from their current level in the hierarchy to the next level. Promotional mix elements vary in their effectiveness by stage in the hierarchy. If most consumers are at an early stage in the hierarchy, perhaps not yet aware of the product, advertising is highly effective at building awareness and knowledge. The most important influence in creating or changing product attitudes (the liking and preference stages) is actual use of the product. Advertising is less effective at accomplishing

<sup>1</sup>This section is based on Michael L. Ray, "A Decision Sequence Analysis of Developments in Marketing Communication," *Journal of Marketing* 37 (January 1973), pp. 29-38.

this, but sales promotions that give consumers an incentive to sample the product can be effective. When the communications objective is to move consumers from the later stages of the hierarchy to purchase the product, personal selling is most effective.

- *The Target Market.* If the target market is industrial or other organizational buyers, personal selling is likely to be the dominant element in the promotional mix. Industrial markets are usually concentrated geographically, have few prospects, and result in large orders, making personal selling an economically feasible method of promotion. Advertising and sales promotion are used in industrial markets, but their role is to help the salesperson identify and gain access to the buyer. If the target of promotion is members of the channel of distribution, such as wholesalers or retailers, personal selling will again be favored because of the concentrated nature of the market. Consumer target markets, because they are dispersed and purchase in small units, are more economically approached with advertising. Personal selling is important with consumer products in establishing channels of distribution and, for some kinds of products, must be used to complete the purchase transaction.
  - *Nature of the Product.* The more complex the product from the buyer's point of view, the more important personal selling becomes in the promotional mix. For complex products, buyers need the information, service, and reassurance that personal sales representatives can provide.
- The **consumer goods classification system** reveals much about consumers' information needs in product shopping, giving powerful guidance to an appropriate promotional mix for consumer products (see GLOSSARY entry A.3). Convenience goods are purchased largely in self-service outlets and must be "pre-sold" to consumers by advertising which, as a result, tends to dominate the mix. The role of personal selling is to establish and maintain distribution. Sales promotion tends to be important for these products as marketers try to create incentives to switch brands or try new brands, many of which are similar to each other. Shopping goods, by contrast, are more complex, differentiated products that consumers need to examine and compare. Personal selling becomes more important in the promotional mix for these products. The role of advertising and sales promotion is to "get

customers into the store," while personal selling consummates the sale.

- *Primary versus Selective Demand.* Primary demand efforts attempt to increase demand for a total product category while selective demand attempts to build preference for a particular brand (see GLOSSARY entry C.24). If the objective is primary demand stimulation, advertising is more likely to be favored because the market to be approached is usually broad and consumers are in the early stages of the hierarchy of effects. Stimulation of selective demand can be accomplished by either advertising or personal selling, depending upon the nature of the product and the market.
- *Push versus Pull.* The push versus pull decision has major influence on the promotional mix (see GLOSSARY entry C.30). Push attempts to gain the support of distribution channel members by offering them incentives to cooperate. A push approach depends on the ability of personal selling to persuade channel members to stock and sell the marketer's product; thus personal selling tends to be dominant in the promotional mix. In the pull approach, the marketer bypasses the channel members, going directly to the end consumer to create a demand for the product, thus forcing channel members to handle the product. In the pull approach, consumer advertising tends to be dominant in the promotional mix as does sales promotion aimed at the end consumer.
- *Product Life Cycle.* The stage of the **product life cycle** tells more about the communications role of promotional elements than their funds allocation (see GLOSSARY entry A.15). At the introductory stage, advertising is charged with establishing awareness of the new product, sales promotion attempts to sample prospective users, and personal selling attempts to establish distribution. As the life cycle proceeds, advertising takes a more persuasive role, attempting to build deeper product knowledge and favorable attitudes. Sales promotion becomes more competitive, trying to switch users of competitive products through special incentives. Personal selling attempts to build and hold greater intensity of distribution. Later in the maturity stage, advertising may be used to broaden the market for the product or promote new uses. In decline, advertising diminishes, playing a reminder role, sales promotion is less likely to be used, and personal selling tries to maintain distribution.

## G-268 SECTION C / CONCEPTS FOR MARKETING PROGRAMS

- *Direct versus Indirect Distribution.* Under direct distribution, the firm's own sales force sells to the retailer or organizational buyer whereas under indirect distribution the firm sells to retailers or organizational buyers through one or more middlemen (see GLOSSARY entry C.10). If direct distribution has been decided upon, major promotional resources will have to be allocated to the personal selling function to provide the selling force needed to service the many retail contacts. If indirect distribution is used, a smaller sales force will be needed and more funds may be available for other forms of promotion. Note, however, that use of middlemen may require allocation of funds from the promotion budget to distribution to pay the discounts required by the middlemen.

### SUGGESTIONS FOR FURTHER READING

- CASH, HAROLD C., and W. J. E. CRISSEY. "Comparison of Advertising and Selling." In *Managerial Marketing: Policies, Strategies, and Decisions*, ed. Eugene J. Kelley and William Lazer. Homewood, Ill.: Richard D. Irwin, 1973, pp. 439-50.
- RAY, MICHAEL L. "A Decision Sequence Analysis of Developments in Marketing Communication." *Journal of Marketing* 37 (January 1973), pp. 29-38.
- SWAN, JOHN E., and DAVID R. RINK. "Fitting Marketing Strategy to Varying Life Cycles." *Business Horizons* (January-February 1982), pp. 72-76.