EDUCATION

Business

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Higher Level

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Promotion & Place



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BUSINESS

NOTES 18

UNIT 5 – QUESTION 7 (6)

PROMOTION AND PLACE

Grades				
H 1	360 - 400			
H 2	320 - 359			
Н 3	280 - 319			
НЗ	280 - 319			

H 4	240 – 279
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Н 5	200 - 239

Н б	160 – 199
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H 8	0 – 119
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Promotion and Place

Promotion

- **Promotion** (Third element of the marketing mix) Refers to all means a firm uses to communicate to its target market about its products to initiate, maintain or increase sales.
- The promotional mix is the main methods a firm can use to communication to its target market. The Promotional Mix has 4 elements, 1) Advertising, 2) Sales Promotion, 3) Public Relations and 4) Personal Selling

The appropriate form of promotion is determined by the following factors

- **The Type of Product** The form of promotion must suit the product.
- This will ensure the message reaches the firms specific target market helping to **maintain sales.**
- **Chinese restaurant** will use **flyers** not national newspapers, to promote their sales, as it is the most effective method from them to promote their local service.
- Stage of the Product Lifecycle At different stages of the lifecycle of a product the marketing mix will be alter, including the promotion to ensure the firms goals are achieved.
- **New product's** will use, **informative advertising** to help initiate awareness of the product and generate sales.
- Whereas a product in its saturation phase, may try sales promotion, such as Coca cola's competitions, or Pantene Pro V's 50% free on its conditioners.
- Habits of the Target Market The promotion must be communicated to the target market and careful market research can determine the target markets habits.
- Airlines offering business class flight like **Singapore Airways will advertise in business magazines like the Economist** to reach their target market effectively.

Toy manufacturers advertise on Nick Jnr and CITV, such as the manufacturers of "LOL Dolls" Toys.



- **Cash Flow / Costs (Budget Available)** The firm must ensure budgetary controls are in place and the marketing bill for the promotion of the good is not prohibitive.
- Firms getting started may use **local newspaper adverts and flyer's** (small budget), whereas **MacDonald's** will advertise during the super bowl half time ad slot on US T.V. (Most expensive advertising slot globally).
- Radio is cheaper to advertise on than TV and is an option for new firms.

Promotional Mix

Advertising

- Advertising Is the communication of information about a product/service, through the media, to the firms target market, in order to initiate, maintain or increase sales.
- The message sent through the advertising will choose a medium that will reach the target market, such as local or national radio.

Functions of Advertising for the Marketing Manager

- It can help to launch a New Product and Inform People about it At the launch of a new produce advertising will be used by the firm to promote awareness of the introduction of the product onto the market and its benefits over its rivals.
- This will help initiate sales of the product but will mean initial sales only recuperate promotional expenses and the firm will not see real profits till the product reaches its growth phase. Apple uses informative advertising to introduce their new phone, iPhone 11 onto the market in September 2019.



- It can be used to Increase Sales / to Compete with Competition Advertising is used to maintain and increase sales through competitive and persuasive advertising.
- **Microsoft's successf**ul advertising has made it the **dominant firm** in the computer software operating system in the industry. **Microsoft** uses competitive advertising to increase the sales of the Xbox at the expense of Sony's Playstation.
- **Reignite Sales / To remind people the product is still on the market –** To help products in their saturation phase to prolong their lifecycle.
- The additional revenue gain from prolonging the products lifecycle can be used on the research and development costs of the replacement product. **Kellogg Corn** flakes "remember how good they taste" adverts try to maintain sales of their product in it saturated phase.



- It can be used to establish a Brand Name and persuade consumers to buy their goods / services New firms must use informative advertising to establish their brand name and it's USP in the mind of the target market.
- Global promotion of the brand name is expensive and can prevent firm's worldwide expansion ambitions, such as **O'Neill's** sportswear which is only a domestic brand. **Chill Insurance and Quote** Devil have used advertising to establish their brands in the Irish market and persuade consumers to use their products.
- Help Segment the Market Advertising can be used to help the firm appeal to new niche markets.
- This will enable the firm to expand organically as it develops new products to satisfy this new niche. **Coca cola advertising of Diet Coke is** aimed to appeal to females to segment the market and appeal to their target market women.

Types of Advertising

• Informative Advertising – Gives factual information to the target market about the good or service. "Sales starts on the 1st of January" or to introduce a new product onto the market, such as the Apple I – Pad Mini 5.

MCD advertising about a new Slane Castle concert, giving details about who is playing, the date, time, the cost of the tickets and how many tickets are left unsold.

• **Competitive / Comparative Advertising** – This is a defensive strategy, designed to ensure the target market that the businesses products are superior to their rival's goods or is a lower price. **Carlsberg "probably the best beer in the world"** is a famous example of competitive advertising to help Carlsberg maintain sales in a saturated market.

Duracell Rabbit Campaign – Is a successful example of competitive advertising, as the Duracell company is telling its target market, its product is superior and lasts longer than its rivals.

- **Reminder Advertising** Is conducted for products in their **saturation or decline phase** of the product lifecycle and is **aimed at extending the goods life**, by reinforcing the goods benefits or communicating new uses of the product to the target market. **Kellogg's Corn Flakes** uses reminder advertising with its "**Remember how good they taste**" slogan to reignite sales for its products in the decline stages (Dogs).
- Generic Advertising Is where an industry and its product is advertises by a Government body, it is not an individual firm advertising its own brand. Tourism Ireland advertising Ireland as a tourist attraction (not the Shelbourne advertising itself as that is a form of competitive or informative advertising).
- **Persuasive Advertising** Designed to make the **target market desire the product/service**, to feel they cannot do without it, that it is essential. **Coke uses popstar Taylor Swift in its persuasive adverts** to make diet coke more appealing to its target market, younger females.



Benefits of Advertising

- 1) **Introduce a New Product** Businesses can successfully **introduce a new product** to the consumer through informative advertising. **Microsoft** used informative information to introduce **Window 10** to a global market.
- 2) **Increase Sales** Successful advertising will **increase the firm's sales** as a successful advert will increase demand for the firm's product. **Coke uses Taylor Swift in their persuasive adverts to increase the sales of Diet Coke.**
- 3) **Job Security** Increased sales and profits due to successful advertising will increase **employee's job security and motivation**. It also creates more employment in the economy as the firm products are in greater demand.
- 4) The Media Consumers and society benefit from TV, Radio and Newspapers, as there costs are paid by advertising revenue. Sky TV channels are all primarily finance by revenue generated from its advertising during shows like Game of Thrones.
- 5) Economies of Scale The increase in output due to advertising will produces economies of scale (cost reducing benefits), such as lower interest rates for a bigger firm (A rate or AA rate) which will reduce the cost of producing the good and help to lower the price of the goods for the consumer. Coca cola due to its mass target market enjoys economies of scale from mass production such as discounts for bulk buying reducing its production costs dramatically.



Disadvantages of Advertising

- 1) **Higher Costs** Advertising is an **additional cost** that will increase the price of the good. This will cause inflation in the economy as the price of the good is increased to absorb the promotional costs associated with advertising. **The prices of all Apple products like the IPhone 11 are higher due to its massive advertising campaign.**
- 2) Ill Health By helping to sell unhealthy foods, advertising can increase global ill health. Advertising helps to increase the sales of Franchises like Burger King and MacDonald's, whose food can have a negative effect on the health of many people and persuasive advertising may cause consumers to purchase goods they do not desire.
- 3) Misleading Advertising is powerful and can offend mislead and offend consumers. Volkswagen, which claimed that the car company had deceived customers with the advertising campaign it used to promote it's supposedly "Clean Diesel" vehicles, according to a press release. In 2015, it was exposed that VW had been cheating emissions tests on its diesel cars in the US for the past seven years. "Volkswagen deceived consumers by selling or leasing more than 550,000 diesel cars based on false claims that the cars were low-emission, environmentally friendly."



No Economies of Scale – Critics argue that the increase in production as a result of advertising, will not result in **Economies of Scale** and lower production costs, because the benefits of advertising will be cancelled out by other firm's adverts and there will be no increase in output, therefore no economies of scale.

Advertising Bodies

- Advertising Standards Authority of Ireland (ASAI) Is a self regulatory organisation formed by the advertising industry in Ireland and its purpose is to ensure advertising is of an acceptable standard for customers.
- Its code of conduct protects consumers in Ireland and states that all adverts must be "Legal, Decent, Honest and Truthful" and that adverts should "be prepared with a sense of responsibility to consumers and society" and should "obey the rules of fair competition".
- However its decisions are not binding as it is a non-legislative body.
- The public is encouraged to complain if they feel an advert is breaking this code of conduct. The ASAI received over 100 complaints about the Paddy Powers Last Supper Gambling Advert and persuaded Paddy Powers to withdraw the ad as it had caused so much offence to the public.
- The ASAI, although it has no legislative power, will petition to have an offensive advert cancelled or altered and advertisers in the main obey the verdict of the ASAI regarding complaints.



Confusion over **airplane seats**, **misleading broadband speeds** and a **guarantee to lose a stone in 12 days** saw **Aer Lingus**, **Vodafone and Educogym** respectively forced to withdraw adverts by the Advertising Standards Authority of Ireland (ASAI).

- The Competition and Consumers Protection Commission (Legislative) – The Competition and Consumers Protection Commission is the legislative body in Ireland to ensure adverts are not misleading and that they do not break any Irish laws such as the Consumer Protection Act 2007.
- The consumer can apply to the courts for an order that requires the business to pay compensation for a loss or damage to the consumer resulting from an offence committed by the retailer.
- The Competition and Consumers Protection Agency ensures **bans concerning specific advert** that contravenes any European law are enforced, such as Cigarette Advertising.
- Advertisers making false statements, misleading adverts or engaging in false pricing will be prosecuted, such as **Aer Lingus** who advertised their prices without the VAT being included.



Steps in an Advertising Campaign – Pepsi Max

- 1) Planning
 - \rightarrow Identify and analyze the target market. <u>Pepsi Max Young Males</u> <u>their likes and dislikes so to build an advert that will appeal to them</u> <u>and catch their eye.</u>
 - → Define the advertising objectives. To increase sales or Introducing a product (Pepsi Co devised an effective advert to introduce Pepsi Max).
 - → Determine the advertising budget Competitive Matching Approach. <u>Pepsi Co budget would match Cola – cola's budget for</u> <u>diet coke.</u> Franchises use a percentages of sales as their budget.
 - → Create a message Script/Music/Slogan/the tone of the advert (humorous – Duracell or shocking – road safety ads). Headline (to grab attention). The body of the advert (focus on the USP and create AIDA). Finish with the sponsor's brand. <u>Pepsi Co created an advertising</u> <u>campaign based around males and extreme sports to help launch</u> <u>Pepsi Max.</u>



- → Chose a medium to show the advert. TV, Radio or Newspapers/Magazines. <u>Pepsi Co would advertise Pepsi Max on all 3</u> <u>formats.</u>
- \rightarrow The duration the advert will run for and it's frequency to be shown on the selected medium must be determined by the firm,
- 2) Execution
 - → An Advertising agency may be hired to make the advert, and detailed schedules are designed to ensure the advert is completed on time, so it can be aired. <u>Pepsi Co would hire an advertising agency to make their</u> <u>Pepsi Max adverts.</u>

3) Evaluation

- → The effectiveness of the advert must be determined. Pre -test are carried out on a consumer panel to see if the target market likes the advert before its launch. Post tests such as qualitative market research and recognition tests are carried out, to see if the target markets have seen the advert and acted on it, by buying the product. Pepsi Co would have used both Pre tests and Post tests on consumer panels to effectively assess the success of their advertising campaign for Pepsi Max.
- \rightarrow Advertisers must be ready to **respond to any negative feedback Crisis PR**



Advertising Media

- **Television** The firm can use TV as a **visual medium** to reach a **mass target market**.
- Firms can place its adverts during the ad breaks of their target markets favourite programmes to **reach their target market**, such as **Carlsberg** placing adverts during major televised sporting events.
- The firm can vividly **show how the product works**, such as Dysons adverts demonstrating how the **Dyson Ball Vacuum Cleaner** works more efficiently than traditional vacuum cleaners.
- However advertising on TV is **expensive** and many people change channels during ad breaks due to remote control technology and **do not watch ads** anymore..
- BBC has no adverts, and also Scandinavian TV has no adverts.
- **Radio** The Firm can communication through the verbal medium of the Radio.
- It is **cheaper** than TV advertising and can be aimed at **specific target markets**, such as advertising on **Toady FM** to reach the 20 30 age group, **Lana Del Rey** may advertise their new album on **Spin FM** to reach a younger market.

- Local firms can use local radio stations to reach a specific target market, such as Four Seasons Hotel advertising its pool and gym membership in local Monaghan radio stations like the Northern Sound.
- However **no visual image** can be sent to the receiver through the medium of the Radio only sound.
- **Newspapers** It is **cheaper** than TV and can be aimed at **specific target markets**, such as **Mattress Mick** using the Herald newspaper to reach his Dublin target market.
- The advertising is using the written medium to communicate with their target market and can include a **lot of detail** and pay a little more to highlight the advert in the paper and the advert can be **run daily** for a number of weeks.
- However the visual picture are photographs and lack the impact of TV images.

Billboards

• It is **cheaper** than TV and can be aimed at **specific target markets**, such as **Toyota using a billboard** on the roadside to directly communicate to its target market drivers on the way to work or during their commute home.



- **Internet** The internet is the fastest growing medium for advertising.
- The internet gives the firm instant **global advertisement**. Using **social media** to adverts like **Facebook**, the firm can advertise their products to the target market and **get their feedback**, through likes and dislikes icons and comments.
- Amazon heavily advertised it Black Friday sales on Facebook. However many consumers will block internet advertisement as Spam or use software to block them out.



- Direct Mail The firm can post personalised adverts in the form of posted letters to the consumer.
- **Supervalu** can send in the post details of numerous specials offers to its consumers and the advert is intensive as it only contains information regard Supervalu's products, unlike TV where numerous adverts from different firms are screened during the ad break. However direct mail is expensive (stamps and printing costs are considerable).



Advertising is powerful, how can it be controlled?

- **Advertising** Is the communication of information about a product/service, through the media, to the firms target market, in order to initiate, maintain or increase sales. Advertising is a powerful and very influential form of communication that can mislead and offend the consumer.
- Vodafone was deemed to be engaging in misleading advertisements by making false claims about its broadband speeds and Edcogym was deemed to be using misleading advertising in relation to a promise its products would cause consumers to lose weight within a week.
- **Tayto's** adverts to promote **Hunky Dory's** used indecent images of women playing rugby and were heavily criticise but also increased immediate sales by 53% and long term sales by 25%.
- **Paddy Powers** advert for gambling depicting, Jesus and the Disciples playing cards and betting at the last supper was offensive to Christians. The advert also had a female disciple, supposedly Mary Magdalena.
- National Consumer Agency / Competition and Consumer Protection Commission and Misleading Advertisements – The CCPC protects consumers from misleading advertisements and requires all advertisements to be accurate. Also all notices in shops and claims by sales assistants about the product or service must be accurate.
- Advertising Standards Authority of Ireland (ASAI) Is a self regulatory organisation formed by the advertising industry in Ireland and its purpose is to ensure advertising is of an acceptable standard for customers.
- The ASAI, although it has no legislative power, will petition to have an offensive advert cancelled or altered and advertisers in the main obey the verdict of the ASAI regarding complaints.
- Vodafone, Educogym and Paddy Power's and Tayto adverts were withdrawn.



Sales Promotion

- Sales Promotion (gimmicks) Refers to specific short term incentives or direct inducements, which add value to the product, to attract the attention of the consumer and increase sales and brand loyalty.
- Sales promotions are **repeated on a regular basis**, such as **Cola cola** competitions for every major football event with the chance to win tickets and footballs when a can of coke is purchased for the duration of the event.
- The benefit of sales promotion is it aims to **attract new consumers** to the product and **reward loyal older consumers** with gifts and other inducements such as buy 1 get 1 free.
- **Competitions** Firms will run attractive competitions with their products that allow them to **enter and win dream prizes**. The competition will attract **publicity** for the product and help generate **repeat sales**. **Coca cola** often runs competitions where consumers can win prizes, such as footballs during the **world cup which add value** for consumers.
- **Vouchers / Tokens MacDonald's** offers vouchers such as free chips or buy a burger get the next one half price throughout national newspaper on selected dates or **Tesco and Dunnes Stores offers** vouchers to help reduce prices for consumers. This helps to encourage store loyalty and attract money conscious consumers such as students.
- **Special Offers** Firm's often offer attractive gifts with their products to attract their target market. **MacDonald's** offer children a free toy with the purchase of a happy meal.
- Loyalty Cards Many firm's offer loyalty cards or club cards that offer help consumers collect points or stamps that can be traded for special price promotions after a certain amount of points or stamps have been collected. It encourages consumers to be loyal to the store and even spend more money on store products to reach the needed amount of points / stamps. Tower Records offers a loyalty card and after collecting 18 stamps consumers get €10 off the next purchase.



Fifty Percentage Free, Two for the Price of One – Pepsi is offering 50% free on purchases of Pepsi max bottles.

• Free Samples / Trial – Firms will offer samples to help introduce new products or sell more of their existing product range to consumers. Clarins and Estee Lauder offer free samples of their products when you buy two or more of their other products. The free sample reduces the risk of purchasing the product for the consumer and promotes more sales.



Merchandising – Refers to the variety of products available for sale and the **display of theses goods in a prominent visible section of a shop** and organised in an attractive manner, to ensure the positive attention of consumers so their interest is stimulated to increase sales.

Window or Shop display – Cadbury's chocolate are always positioned in an attractive manner, in their own section, near the cash register in nearly every shop to entice the customer to buy a bar of chocolate (even to stimulate impulsive buying).



Advantages of Merchandising

- 1) **Increased Sales** Placing the products in a visible display within the shop helps increased the sales of the product. **Coca cola** uses its big red fridges to display the product and help generate sales.
- 2) Launch a New Product Merchandising will be used to help introduce a new product onto the market and help initial sales. Marvel / Disney will use display cabinets at the entrance to store to help sell their latest Marvel Cinema Movie release in all its global outlets.
- 3) Getting the most value out of products in decline stage If you have products that are difficult to sell, clever visual merchandising could help you to market them without having to reduce their price. This will also help to extend the lifecycle of the product.
- 4) **Maximise your Revenue** You can place low-priced items in less prominent spots to encourage the sale of high-margin items. Shops in **Croke Park** place chocolate in less visible area to ensure higher margin products like Sandwiches are visible to maximise their sales and revenue generated.
- Merchandising is used to initiate impulse buying.



Direct / Personal Selling

- **Direct / Personal Selling –** Selling that involves informing the customers and persuading them to purchase a product through **personal communications, to increase sales** as the salesperson when talking to the consumer will use their **expertise** to sell the product.
- It is based **upon person to person relationships** in which **the seller goes to the consumer** rather than the consumer going to a shop.
- The distributor's will meet the customer, usually **at their home** or the salesperson may be in the cosmetics department of a department store and approach the consumer as they are walking through the store (Traffic Stopping).

The **distributor's** or salesperson in the department store are **trained and skilled in direct selling and** will provide the customer with information about the product, how best to use it, why buy it and which model best suits the customers needs. They often use **catalogues** and brochures to show other product sizes and colours.

- Direct selling organisations use large **teams of agents** to sell their products, yet the wage bill for the firm is low as most sales reps work on a commission basis.
- Sky TV and Vodafone market goods to customers by going door to door, selling the Sky Q-Box or upgrading the customers sky package deal and Vodafone sell Broadband by call to consumers houses throughout the country and try to persuade them to switch to their brand.

Sales Rep's – Are the contact between the firm and the market place and display the firm's products professionally to the consumer to generate sales. They are front line representatives of the firm responsible for generating a good image of the company, finding new markets and collecting payments.



- **Telemarketing** Means engaging customers by means of **telephones** to generate sales. It also is used to deal with inquires and complaints regarding the product.
- It helps to lower costs as sells rep's do not have to travel to the customers house. Some firm's offer low cost calls or free phone numbers to gain a good image within the market segment.



Public Relations

- **Public Relations** Involves establishing and maintaining a positive public image for the firm and its products with the consumers (enhance the reputation of the firm) and help to forge a good relationship with the target market through good publicity.
- **PR** involves public relations officers, **press releases**, **press conferences and sponsorship**, **donations to charity**.
- It is not directly linked to increasing sales but rather to increasing the reputation of the business which in turn increases sales.
- **AIG sponsor the new Dublin GAA** jersey and events such as Irish Heart Foundation's Happy Heart Weekend.



Microsoft founder **Bill Gates** is donating vast amounts of his personal wealth to various global charities. Gates has made **The Giving Pledge** to donate over half of his wealth to charity.

Types of Public Relations

- **Direct PR Seeks to highlight the positive values** and achievements of the firm, through **direct interviews** with the media (newspaper articles) or sponsorship.
- **Sponsorship is** the financial support of an event or product by an unrelated organisation or donor, such as, **Vodafone sponsors the Irish Rugby jersey.**



- **Indirect PR** Refer to **subtle ways** to increase goodwill and the image/impression of the firm.
- **Courtesy and manners of the staff** on the phone such as Sky staff talking to customers on the Sky Helpline or appearance of the staff, such as them wearing suits. It would also include the appearance of the premises and the presentation of its external business letters to clients.



- **Crisis PR –** Defending the firm in times of harsh criticism.
- Volkswagen used crisis PR to apologise for the lies it told its "Clean Diesel" vehicles. **VW had been cheating emissions tests on its diesel cars** based on the **false claims that the cars were low-emission and environmentally friendly.**



Public Relations Techniques

• **Press Conference** – Information is given to the media if it will generate positive headlines for the firm to **generate publicity**. **Netflix**'s confirmed that **Stranger Things 3** will debut on July 4 by issuing a press release and holding a press conference on the same date.



- **Sponsorship** Sponsorship is the financial support of an event or product by an unrelated organisation or donor. **Vodafone helps its brand recognition by sponsoring all Irish Rugby team.**
- Donations to Charity The firms CEO or entrepreneur can donate profits from his / her firm for charitable causes and indirectly generate a positive image for their business. In 2014, Special Olympics Ireland, Jack & Jill Foundation and Cystic Fibrosis were each presented with a cheque for €70,000 by the Dublin Airport Authority.



Public Events – Firms often holds public events, such as the ideals homes exhibitions or **college open days** where business gain good PR from exhibiting their products or **Arthur's Day**.

• **Product Placement** – Firms can generate positive publicity for their products by placing them in Films or TV shows. **Apple** has formed a partnership with the producers of **House of Cards** to have all their products used by the actors and placed on the film set. **Aston Martin and Omega** place their products in the **James Bond movies**.



• **Endorsement** – The firm gets a public celebrity to wear and praise the firm's products. Usain Bolt endorses Puma helping Puma to increase its sales globally and makes it easier to launch new products to its target market by using a global superstar to market them to their market base.



- **Public Service Activities** Firms gave a positive image for their firm by helping the local community through supporting local events or local teams.
- **SuperValu** benefits from **increased sales** as the community shops in SuperValu and it also benefits from a positive image nationwide helping to indirectly increase sales.

At SuperValu, 'We believe in Local' and nothing represents local more than the GAA, with its strong heritage and deep roots in every community across Ireland. 2017 marks SuperValu's eighth year as sponsor of the GAA All-Ireland Football Championship and we are proud to say that it is a partnership that continues to grow from strength to strength.

Function / Purpose of Public Relations

- **To Attract Publicity to Increase Sales** Successful PR will help to stimulate the interest of the public towards the products the firm sells. This will help the firm increase its market share at the expense of its main rivals.
- Apple announced the iPhone 10 at an event in San Francisco last night.
- **To Gain Positive Publicity for the Firm** Public relation events are used to generate a positive image of the firm through helping the local community. The positive image will indirectly help the firm increase sales and generate customer loyalty within the targeted community.
- **Ballygowan** generate positive public relations in its support of Irish cancer research with its golden packaging bottle campaign supporting Daffodil day.
- **To Target Specific Markets** Public relations techniques may be adopted to target specific marketing niches to initiate sales. This can help to win new customers to the firm's brand name, allowing the firm to expand and reduce dependency on the traditional market.
- L'Oreal uses Cheryl Cole to endorse its products, this has help L'Oreal attract younger females to its brand name (previously L'Oreal was seen as a more mature female brand).
- To Defend Against the Firm or Apologise due to Complaints or Criticism – It the firms conduct or staff members conduct has offended customers or its products have caused injury to its target market it must use PR to publicly apologise. This is essential of the firm will lose market share or even face a boycott from special interest group who are upset over the firms conduct.
- Volkswagen used crisis PR to apologise for the lies it told its "Clean Diesel" vehicles. VW had been cheating emissions tests on its diesel cars based on the false claims that the cars were low-emission and environmentally friendly.

Evaluate the promotional mix for a product or service of your choice

- **Promotion** Refers to all means a firm uses to communicate to its target market about its products to increase sales.
- The service I choose to examine the promotional mix for is the L'Oréal Elvive Full Restore 5 hair care.
- The promotional mix is Advertising, Sales Promotion, Public Relations and Personal Selling.



- Advertising Is the communication of information about a product/service, through the media, to the firms target market, in order to initiate, maintain or increase sales.
- **Competitive Advertising** This is a **defensive strategy**, designed to ensure the target market that the businesses **products are superior to their rival's goods**.

L'Oreal in 2011 is currently running competitive and informative advertising in the UK and Ireland for its L'Oreal Le Gloss and L'Oreal True Match Makeup. The campaign is focusing on regular advertisement on TV and fashion magazine, such as Cosmopolitan, Vogue, Elle and Marie Claire.

In my opinion using the media outlet of fashion magazines such as Vogue and Cosmopolitan is an effective strategy by L'Oreal to reach its specific target market as these magazines are purchase by the fashion conscious female segment of the market.



• Sales Promotion – Refers to specific incentives or direct inducements, which add value to the product, to attract the attention of the consumer and increase sales and brand loyalty. Gifts, Tokens, 50% Free or Special offers – 3 for the price of 2.

L'Oreal offer numerous inducement to increase the sales of their products, such as their L'Oreal Le Gloss and L'Oreal True Match Makeup, 50% free and buy two colours of Le Gloss and get a third free.

In my opinion these inducements all add value to the product in the eyes of the consumer and help L'Oreal sell more of their product to their target market.



• **Direct / Personal Selling –** Selling that involves informing the customers and persuading them to purchase a product through **personal communications**, to increase sales. It is based upon person to person relationships in which the **seller goes** to the consumer rather than the consumer going to a shop.

L'Oreal use direct selling in most major department stores in the world. In the cosmetic department trained L'Oreal sales rep's will approach the target market and explain the benefit of L'Oreal Le Gloss and L'Oreal True Match Makeup with an aim of selling the product to the consumer.

In my opinion this is an effective strategy employed by L'Oreal as the trained sales rep is making contact with the target market increasing sales, but also establishing a rapport with the consumer helping to **generate a good image of the company and gathering customer feedback for the firm.**



• **Public Relations** – Involves establishing and maintaining a **good public image for the firm and its products in the eyes of its target market** (enhance the reputation of the firm). It is the sole element of the promotional mix that is not concerned directly with increasing sales. Indirectly by generating goodwill and a good corporate image (quality assurance) of the firm, PR increases sales.

L'Oreal and Direct PR – L'Oreal have used Direct PR, by using music and film superstar Jennifer Lopez to endorse the products L'Oreal Le Gloss and L'Oreal True Match Makeup giving the products an exclusive image.



L'Oreal and Indirect PR – L'Oreal generates good indirect PR through the courtesy and politeness of their trained sales rep's in all global department stores. L'Oreal also sponsor the prestigious UNESCO awards that fund young women, to help them pursue a career in science each year.

In my opinion using Jennifer Lopez who is also the head judge of American Pop Idol is an effective method to help L'Oreal attract younger girls to the L'Oreal brand portfolio.

Discuss the Promotional Mix for MacDonald's

Advertising –
Sales Promotions –
Dublic Deletions
Public Relations –
Direct Selling –

Place

- **Place** To maximise sales the business must ensure their product is **in the appropriate place at the right time** and is delivered using the **correct channel of distribution** to ensure the customers have the appropriate access to the product/service.
- To ensure external efficiency, the firm must select the most suitable channel of distribution, to guarantee their product arrives efficiently at the point of sale, at the lowest cost possible to maximise revenue.
- At the launch of a product, the firm must work closely with wholesalers and retailers, to ensure product visibility is obtained to initiate maximum sales.
- **Coca cola** has a sales maximisation strategy, which aim to put its product in every newsagents or supermarket outlet globally so their product is "within an arms reach of desire".



Wholesalers

• Wholesaler – Are businesses that but in very large bulk from the manufactures and sell in smaller quantities to the retailer (breaking the bulk).

Advantages of a wholesaler to the manufacturer

They **take bulk deliveries**, reducing transport costs. They **store the manufacturer's products in bulk**. **Display the manufacturer's products** for retailers to see (merchandising). **Carry out qualitative market research** for the manufacturer.

Advantages of a wholesaler to the retailer

Can give **credit and delivery services** to the retailer. Offer products at **lower price due to their bulk buying** to the retailer. Offer in **1 location a vast range** of product for the retailer to purchase (reducing carriage costs). Sell to the retailer in smaller quantities than the manufacturer would **"they break the bulk**

for the retailer".

<u>Traditional</u>	<u>Cash and</u>	<u>Mail Order</u>	<u>Specialist</u>	<u>Voluntary Retail</u>
<u>Wholesalers</u>	<u>Carry</u>	Wholesalers	<u>Wholesalers</u>	<u>Groups</u>
Sell a wide range of goods and offer credit and delivery. The Musgrave Group.	Sell a wide range of goods, but do not offer credit or delivery. Leyden's Cash and Carry in Dublin.	By – pass the retailer and sell directly to the consumer – Argos .	Sell a narrow specialised range of goods to retailers – Eason's Wholesalers.	Retailers, who form an alliance with a wholesalers, as a defence against supermarkets – Londis and Centra.

Types and Examples of Wholesalers

Retailers

- **Retailers** Are outlets at the end of the channel of distribution, which sell goods and services to consumers Bank of Ireland, Forbidden Planet, Dunnes Stores and Tower Records.
- The retailer is at the end of the traditional channel of distribution and collectively the retailers are often referred to as the **high street**.
- The retail store can act as a single point of contact for the buyers for all things relating to the product manufacturers, such as after sales services, replacement of faulty products, sourcing of product related accessories, promotions, upgrades, servicing of warranties and guarantees.
- The advantage of the retailer to manufacturer is the diffusion of new products would be quicker.
- The buyers finds out about the launch of a new product before the actual arrival of the product on retail shelves through in store promotion of the new product. **Tower Records** will have posters and small booklets informing the consumer of new film release for the coming months.



- Specialised independent shops Sole traders such as pharmacies, hair dressers and newsagents.
- They benefit from local goodwill and longer opening hours and tend to specialise in a narrow range of products / services.
- Chain Stores / Multiples A retailer with more than 1 outlet, such as Eason's.
- The outlets all report to a centralised head office which buys all the stock (economy of scale) for each branch and ensures each branch has a similar layout and similar stock at the same price. Advertising and marketing is conducted by head office.
- Supermarkets Large self services chain stores that specialise in food stuff. They stock numerous brands of every product, including own label goods, such as Supervalu's own products.
- They prices tend to be low due to the economy of scale bulk buying discounts. Tesco's is an example of a supermarket.
- **Department Stores** These retailers have their store divides into smaller departments, such as men's clothing, electronics or kitchen ware.
- Cleary's is an example of a department store. It has a men's department, household department, shoes department and cosmetic department.
- **Franchise** Is a business that sells a product or a service. Franchising involves the granting of a licence (Permission) by the franchiser (McDonalds) to the franchisee (the Entrepreneur) entitling the franchisee to sell the product or the service.
- The franchiser usually has a well established global brand name and product (formula). The franchiser licences the other enterprise to sell its products under the family brand name (MacDonald's) and the franchisee must follow the Franchiser price list and rules. **Bewley's, Pizza Hut and Burger King.**
Channels of Distribution

• **Channel of Distribution** – A **chain of intermediaries**, each passing the product down the chain to the next organization, before it finally **reaches the consumer or end-user**. This is often referred to as **the supply chain**.

Direct COD	<u>Traditional</u> <u>COD</u>	<u>Retailer COD</u>	<u>Mail Order</u> <u>COD</u>	<u>E – Commerce</u> <u>COD</u>
Manufacture	Manufacturer ↓	Manufacturer	Manufacturer	Manufacturer
	Wholesaler	Ļ	Ţ	Ļ
↓ ↓	↓ Retailer	Retailer ↓	Mail Order ↓	www ↓
Consumer (Fresh Fish or fresh flowers)	↓ Consumer (Coca – cola)	Consumer (Ford / Jewellery Shops)	Consumer (Argos / Family Album)	Consumer (Dell, Amazon or Ryanair)



Cost of Distribution

- **Costs** The firm musts also keep the cost of distributing their goods (carriage out) through the channels to the consumer to a minimum, to retain the highest profit available (controlling).
- The transport costs must be kept to a minimum, discounts have to be offered to the wholesalers and retailers (reducing profits) and the final price charged to the consumer will be affected by the profit demanded by each middleman.

Advantages and Disadvantages of Chain Stores / Supermarkets for Entrepreneurs and their New Products

Advantages

National advertising which will help expand the entrepreneur's market size.

Chain store will do research and give the entrepreneur feedback on customer reaction to the product.

Higher sales and quicker product turnover in the shop ensuring freshness and less wastage.

Guaranteed big purchaser of stock for the entrepreneur.

Disadvantages

If the product is successful the chain store may develop their own brand version of the product and sell it at a lower price.

Restrictive conditions may be imposed on the entrepreneur, such as forbidding him/her to selling the product through rival multiples.

The new product may be lost in a sea of products within the aisles of the supermarket.

Selecting a Channel of Distribution

- **Target Market** The target markets purchasing patterns will include the places they shop in, therefore the firm must ensure their goods are available in retailers that reflect their purchasing behaviour to maintain or increase sales. Coco Chanel is sold in Brown Thomas where its target market will shop.
- **Cost / Selling Price** Manufacturer will wish to kept costs to a minimum, therefore transport cost, discounts to be offered and the profit demanded by each middleman in the channel of distribution will affect the choice of distribution outlet. Less middlemen the lower the price for the consumer. Ryanair reduced the price for its consumers by eliminating the travel agent from the channel of distribution.
- **E Commerce** The firm use the internet to sell its products through its website directly to the customers. This will give them global sales opportunities if they market the product correctly and promote the websites to gain enough hits to improve its Google Ranking.
- A successful internet firm needs to develop new delivery and packaging system to ensure the products arrive safely and are priced correctly for delivery to each region. **Amazon** distributes products ranging from A to Z over the internet to a global market.



- Nature of the Product Being Sold / Perishability (Speed) The degree of perishability associated with the product, influences the speed with which the product must get to the consumer. If the firm uses too many middlemen in it chain of distribution, delays may occur and the perishable good may become useless and simple thrown out as wastage.
- **Coca cola** is not perishable and can move slowly through the wholesaler to the retailer and finally to the consumer, whereas **fresh fish** is sold at the harbour directly from the manufacturer to the consumer. Goods that have a Short Shelf Life or high quality products should move through as few channels as possible to get to the consumer, to avoid damage.

- **Restrictive Conditions** Some retailers may insist the supplier does not sell stock to the competition or **suppliers may insist that the retailer does not stock the competitions products.**
- This **limits the supplier of the products possible expansion**. **Supervalu** may stock a suppliers goods but insist that these goods **cannot be sold in Centra** or spar or a contract will not be made between the supplier and Supervalu.

Payments

When the firm is negotiating delivery details with larger firms they may insist on 30 days credit. This may cause newer firms liquidity problems therefore they may prefer to deal with smaller firms.

Explain the term "channel of distribution" and recommend a suitable channel for a cosmetics and personal beauty products business.

- **Channel of Distribution** A chain of intermediaries, each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user.
- A cosmetic company like **Coco Channel** will choose the retailer channel of distribution to move it product to the consumer.
- This channel will bypass the wholesaler.
- **Coco Channel** will do this as it wants to keep control over the final place of sale of their products to maintain its exclusive image and therefore by bypassing the wholesaler and dealing directly with the retailer / exclusive department store, Coco Channel can determine the place of sale and maintain the exclusive brand image in the mind of the retailer.



Discuss the Marketing Mix for a Product of your choice

- Define the Marketing Mix.
- State your product of choice and state its target market (and define target market).
- Examine and define the <u>**Product, Price, Promotion and Place</u>** associated with the good.</u>
- **Bic** pens target market is, office workers, the household and students.



<u>Marketing Mix</u>	<u>Bic Pens</u>		
	• Is a good or service produced to meet customers needs. Produced in plastic, a simple design. Product is made in all ink colours (Blue, black, red, green and many more varieties).		
	• It is disposable so not environmentally friendly (not recyclable).		
Product	• Its brand name is of a low priced bargain image.		
	• In its lifecycle , the average Bic pen will have 15 owners. There is no guarantee given with the purchase.		
	• Bic pens have either no packaging if bought singularly or basic packaging if sold in a pack of three pens.		
	• Is the value placed on the item being exchanged in the market place.		
Price	• Bic pens have a low price , and have an odd price € 0.15 to give a bargain feeling.		
	• Bic must ensure the price covers the cost of producing the pen to ensure continued production in the long run.		

Promotion	 Refers to the means a firm uses to communicate to its target market to generate sales. Bic use Sales Promotion, such as buy 3 and get 1 free inducements to add value to the purchase for the consumer, to promote their goods. They use Direct Selling, through the use of catalogues. Bic engage in PR as they sponsor the world surf boarding championship each year, help to raise brand awareness and product sales. Merchandising is a central part of their marketing strategy – the position in the shop (Bic pens are placed near the counter to increase brand visibility and encourage impulse buying) to increase sales.
Place	 To maximise sales, the firm must sell the product in the right place and ensure cost efficient and timely delivery. Bic pens are sold in newsagents and large multiples like Easons. Bic also, by – pass the retailer and sell through Mail Order Wholesalers, such as Argos. Bic also sells its pens on its web site.

The above structure is a simple structure of clear headings, definitions and examples.

Evaluate the Marketing Mix for a Product of your Choice

Visconti pens - target market are businesspeople and professionals.



- The Visconti brand is known for best quality, style and creativity.
- One of the most remarkable Visconti pens is Ripple H.R.H. Limited Edition fountain pen. Made of 18K white gold and diamonds and with two-tone 18K gold nib, it costs \$57,000.00.

Visconti Ripple H.R.H. Pen

Product

- Produced in white **gold and diamonds** (gold and silver colours give an exclusive image). The product is black ink fountain pen.
- It is **recyclable** (refills eco friendly). It has a **high quality brand name**, to appeal to businesspeople.
- In its **lifecycle**, the average Visconti pen has 1 owner and a guarantee given.
- Visconti pens are **packaged** in luxurious and expensive wooden boxes, to give a high quality image.
- **In my opinion** the product looks executive and has an expensive and luxurious brand name that will appeal to the target market, helping Visconti achieve its goals. The advantage of the high white gold quality of the pen will **be its appeal to the top global business people because** it will define them as successful to other business people.

Price

- The price is the value in exchange, placed on the item in the market place, so the buyer can asses if worth and have they the ability to purchase it.
- The Visconti Fountain pen has a **high price of € 57,000**, to give it an exclusive image and a psychological ego boost to the purchaser (premium pricing).
- **In my opinion** the advantage of this high price strategy is that it will help increase the revenue for Visconti as it will never mass sell these pens so the high price will **generate huge revenue from each individual sale** of the pen.

Promotion

- Visconti relies on persuasive **advertising** to communicate to its target market and generate sales.
- Visconti **advertises in business magazines** like the Economist and Newsweek (and often in cinemas).
- **Merchandising** is vital for Visconti as they display their pens in luxurious rotating glass boxes cabinets in top jewellery shops globally.
- **In my opinion** advertising by Visconti on **in flight magazines** on exclusive business and first class airlines such as Singapore Airlines is an major benefit as this effective promotional strategy by Visconti will ensure it reaches its target market through these specific media mediums.

Place

- To maximise sales, Visconti must sell the product in the right place and ensure cost efficient and timely delivery. Visconti pens are sold in **exclusive jewellery shops** (by passing the wholesaler) or specialised **city centre pen shops** in luxurious surrounding in both cases.
- Viconti pens are also sold on **commercial flights,** to their target market sitting in the business class section of the plane.
- **In my opinion** Visconti must promote it website to increase the sales of its pens global through E business. The advantage of an exclusive **web site**, in design and membership is to appeal to the top global business fraternity.

Discuss the Marketing Mix for Ballygowan Still Water				
Product –				
Price –				
Promotion –				
Place –				

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Previous Leaving Certificate Short Questions on Promotion and Place

- Higher Level 2001 (10 marks)
- 1) Draft a Memorandum using the appropriate format, to all sales executives in the organisation listing 2 methods of sales promotion to be used in the business?

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Higher Level 2000 – (10 marks)

2) Sales Promotion is a popular promotion technique. List 3 types of sales promotion and explain 1 in detail?

1)		
2)		
3)		
Explanation –		

Higher Level – (10 marks)

3) Name a Channel of Distribution and illustrate it in the box below?

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Previous Leaving Certificate Long Questions on Promotion and Place

1) Describe the role of PR in a business and Discuss the methods Beveraton could consider to develop good PR, providing examples to support your answer? (20 marks)

Intezz - Sugar Free Soft Drink Beveraton PLC is a global manufacturer of soft drinks. It developed Intezz, a new sugar free soft drink which will be launched in the market in September 2019.

2) Evaluate the effectiveness of the sales promotion techniques Alex could consider to boost sales? (15 marks) – 2016

Stitch Express

Stitch Express is a business set up by Alex Dunne originally offering clothing alterations, dress restyling and repairs. The business has grown and Alex believes it time to update his market strategy. Following market research, Alex introduced a dry cleaning service. There are few competitors in the market, so Alex decided to review his pricing strategies and promotion policies. Alex believes he will need to rebrand the business, as a result of introducing the dry cleaning service.

3) Explain the Place elements of the marketing mix in relation to Kurve Ltd? (10 marks) – 2015

Kurve Ltd

Kurve Ltd provides broadband, phone and television services to homes in the Irish market. In January 2015 it launched its new digital television service "VISION", providing different bundles of channels at different prices. It charges a reduced subscription for the first six months to new customers. Orders can be placed directly on line the business operates in a highly competitive market and plans to increase revenues by over 20% in the next two years.

- 4) Explain Public Relations and discuss methods a business could consider to generate good Public Relations? (20 marks) 2015
 - 5) Evaluate the role of Advertising and Sales Promotion as elements of the promotional mix at Sensible Foods Ltd? (25 marks) 2014

a) Describe two factors Sensible Foods Ltd should consider when choosing a suitable channel of distribution for its products and b) Outline one positive and one negative implication for Sensible Foods Ltd of using a leading supermarket like Goodbuys to sell its products (20 marks) – 2014

Sensible Foods Ltd

Maria Noone is the entrepreneur who owns Sensible Foods Ltd. This new company intends to manufacture a range of low calorie confectionary products. Initially consumers will be tempted with special offers. There will also be frequent coverage on national and local radio. Goodbuys a leading supermarket chain has agreed to stock the range, while wholesalers will distribute them to small independent shops.

- 7) Outline the factors a business would consider when choosing a suitable channel of distribution, Provide examples to illustrate your answer? (20 marks) 2012
 - 8) Evaluate Sales Promotion and Public Relations as a form of promotion? (20 marks) – 2010
- 9) Explain the term "channel of distribution" and recommend to Deirdre a suitable channel for a cosmetics and personal beauty products business? (10 marks) – 2006

Deirdre Moloney hopes to start up her own cosmetics and personal beauty products business aimed at the consumer market. She has approached you as a marketing consultant for some advice in the form of a report.

- 10) In the case of a particular product/service of your choice, evaluate the role of 1) advertising, 2) Public Relations, and 3) Personal Selling in the promotion of the product/service? (30 marks) – 2005
- 11) Analyze, for a product/service of your choice, the elements of the marketing mix? (35 marks) – 2003

12) Evaluate three promotional methods for a product or service of your choice? (30 marks) – 2002

13) Discuss the promotional mix for a product of your choice? (20 marks) – 1999 and 1998

Promotion and Place

Describe the role of PR in a business and Discuss the methods Beveraton could consider to develop good PR, providing examples to support your answer? (20 marks) – 2019

Intezz - Sugar Free Soft Drink Beveraton PLC is a global manufacturer of soft drinks. It developed Intezz, a new sugar free soft drink which will be launched in the market in September 2019.

Role of PR – 5 marks @ (3+2)

3 Methods of PR – 5 marks each @ (2+2+1)

The verb is Discuss so use paragraphs and no clear headings (Bullet points will be accepted)

PR focuses on all efforts used by a business to **create and maintain good public image** of the business.

PR is uses to defend the reputation of the business from criticism (in times of crisis). It is not directly linked to increasing sales but rather to increasing the reputation of the business which in turn increases sales.

Press Conference – Information is given to the media if it will generate positive headlines for the firm to **generate publicity**. **Netflix**'s confirmed that **Stranger Things 3** will debut on July 4 by issuing a press release and holding a press conference on the same date.

Sponsorship – Sponsorship is the financial support of an event or product by an unrelated organisation or donor. **Vodafone helps its brand recognition by sponsoring all Irish Rugby team.**

Donations to Charity – The firms CEO or entrepreneur can donate profits from his / her firm for charitable causes and indirectly generate a positive image for their business. In 2014, **Special Olympics Ireland, Jack & Jill Foundation and Cystic Fibrosis were each presented with a cheque for €70,000 by the Dublin Airport Authority.**

Endorsement – The firm gets a public celebrity to wear and praise the firm's products. Usain Bolt endorses Puma helping Puma to increase its sales globally and makes it easier to launch new products to its target market by using a global superstar to market them to their market base. Evaluate the effectiveness of the sales promotion techniques Alex could consider to boost sales? (15 marks) – 2016

Stitch Express

Stitch Express is a business set up by Alex Dunne originally offering clothing alterations, dress restyling and repairs. The business has grown and Alex believes it time to update his market strategy. Following market research, Alex introduced a dry cleaning service. There are few competitors in the market, so Alex decided to review his pricing strategies and promotion policies. Alex believes he will need to rebrand the business, as a result of introducing the dry cleaning service.

3 Sales promotional techniques – 4 marks each @ (2+2)

3 Evaluations @ (1+1+1)

The verb is evaluate so use bullet points and clear headings. Give 3 opinions to deal with the verb evaluation

- **Sales promotions** refers to specific short term incentives or direct inducements, which add value to the product, to attract the attention of the consumer and increase sales and brand loyalty.
- **Competitions** Stitch Ltd could run attractive competitions with their products that allow consumers to **enter and win dream prizes**.
- **Evaluation** The competition will attract **publicity** for the product and help generate **repeat sales.**
- **Vouchers** Stitch Ltd could use **Vouchers / Tokens**. The vouchers to help reduce prices of the dress repairs and dry cleaning service for consumers of **Stitch Ltd**.
- **Evaluation** This helps to encourage store loyalty and attract money conscious consumers such as students and boost sales.
- **Special Offers** Stitch Ltd often offer **attractive gifts** with their products to attract their target market.
- **Evaluation Alex** could offer free accessories to complement the dress alterations to reward loyal customers and attract new customers and boost sales.
- Evaluation It encourages consumers of Stitch Ltd to be loyal to the store and even spend more money on store products to reach the needed amount of points / stamps and boost sales.

Explain the Place elements of the marketing mix in relation to Kurve Ltd? (8 marks) – 2015

Kurve Ltd

Kurve Ltd provides broadband, phone and television services to homes in the Irish market. In January 2015 it launched its new digital television service "VISION", providing different bundles of channels at different prices. It charges a reduced subscription for the first six months to new customers. Orders can be placed directly on line the business operates in a highly competitive market and plans to increase revenues by over 20% in the next two years.

Explain Place in relation to Kurve Ltd – 8 marks @ (3+2+3)

The verb is explain so use bullet points and clear headings

- **Place** To maximise sales the business must ensure their product is **in the appropriate place at the right time** and is delivered using the **correct channel of distribution** to ensure the customers have the appropriate access to the product/service.
- Kurve Ltd is using the **direct channel of distribution** as it is selling over the internet directly to the customers. This will give Kurve Ltd the opportunity to expand its market share rapidly if they market the product correctly and promote the websites to gain enough hits to improve its Google Ranking.
- The direct channel will reduced the number of middlemen in the channel of distribution, helping Kurve Ltd reduce its cost and offer value for money to its consumers, such as the reduced subscription for the first six months. The **place of sale** is the Irish market.

Explain Public Relations and discuss methods a business could consider to generate good Public Relations? (20 marks) – 2015

Explain PR – 6 marks @ (4+2)

2 Methods of PR – 7 marks @ (4+3)

The verb is explain so use bullet points and clear headings

- **PR** Focuses on all efforts used by a business to **create and maintain good public image** of the business.
- PR is uses to defend the reputation of the business from criticism (in times of crisis). It is not directly linked to increasing sales but rather to increasing the reputation of the business which in turn increases sales.
- A common strategy to generate **positive direct PR** is **Sponsorship. Sponsorship is** the financial support of an event or product by an unrelated organisation or donor. **The Bank of Ireland** helps its brand recognition by sponsoring Lenister Rugby.
- The firms CEO or entrepreneur can **donate profits** from his / her firm for charitable causes and indirectly generate **a positive image** for their business. In 2014, Special Olympics Ireland, Jack & Jill Foundation and Cystic Fibrosis were each presented with a cheque for €70,000 by the **Dublin Airport Authority**.
- Firms will use **celebrity endorsement** to gain a **positive image** of their products in the eyes of their target market. **L'Oréal** used Cheryl Cole to gain a positive image in the demographic segment of younger females and dramatically increased its sales to this segment through her endorsement.
- **Public Service Activities** is a local method to gain a good image in the community for the firm and its products. Firms get a **positive image** for their firm by helping the local community through supporting local events or local teams. 2018 marks SuperValu's eighth year as sponsor of the GAA All-Ireland Football Championship and it's a partnership that continues to grow from strength to strength helping to increase sales in every community in Ireland.

Evaluate the role of Advertising and Sales Promotion as elements of the promotional mix at Sensible Foods Ltd? (25 marks) – 2014

Sensible Foods Ltd

Maria Noone is the entrepreneur who owns Sensible Foods Ltd. This new company intends to manufacture a range of low calorie confectionary products. Initially consumers will be tempted with special offers. There will also be frequent coverage on national and local radio. Goodbuys a leading supermarket chain has agreed to stock the range, while wholesalers will distribute them to small independent shops.

Advertising – 11 marks @ (4+4+3)

Sales Promotion – 11 marks @ (4+4+3)

Evaluation – 3 marks @ (2+1)

The verb is evaluate so use bullet points and clear heading. Give your opinion to deal with evaluate

- Sales Promotion refers to specific short term incentives or direct inducements, which add value to the product, to attract the attention of the consumer and increase sales. Sales promotions are repeated on a regular basis, such as competitions or special offers.
- The advantages of special offers will help to reduce the risk of purchasing the new product and help generate brand loyalty for Sensible Foods Ltd. Sensible foods plans initially to tempt customers with special offers, such as free samples of the low calorie confectionary products.
- Evaluation I feel the major benefit of sales promotion to Sensible Foods Ltd is it will to attract new consumers to Maria Noone new products and helping her increase sales and break even ensuring her new start up is a success.
- Advertising is the communication of information about a product/service, through the media, to the firms target market, in order to initiate, maintain or increase sales. The message sent through the advertising will choose a medium that will reach the target market, such as local or national radio. Maria will used both local and national radio to reach her target market. Through advertising such as informative advertising Maria can successfully launch her new products and persuasive advertising can help increase sales of her low calorie confectionary products.

- Informative advertising will also help Maria introduce her new brand to the local market and national market.
- <u>Evaluation</u> I feel by using radio to promote her products with will help Maria keep cost down helping her offer competitive prices and even value for money, increasing Sensible Foods Ltd chances of survival in the highly competitive food market in Ireland.

a) Describe two factors Sensible Foods Ltd should consider when choosing a suitable channel of distribution for its products (10 marks) – 2014

Sensible Foods Ltd

Maria Noone is the entrepreneur who owns Sensible Foods Ltd. This new company intends to manufacture a range of low calorie confectionary products. Initially consumers will be tempted with special offers. There will also be frequent coverage on national and local radio. Goodbuys a leading supermarket chain has agreed to stock the range, while wholesalers will distribute them to small independent shops.

2 Bullet Points – 5 marks each @ (2+2+1)

The verb is describe so use bullet points and clear headings

- The nature of the product and the speed it must move to the consumer will affect the channel of distribution The degree of perishability associated with the product, influences the speed with which the product must get to the consumer. If the firm uses too many middlemen in it chain of distribution, delays may occur and the perishable good may become useless and simple thrown out as wastage.
- Sensible Foods Ltd confectionary is perishable and should move directly from the manufacturer to the consumer. Goods that have a Short Shelf Life or high quality products should move through as few channels as possible to get to the consumer, to avoid damage.
- **Costs** Manufacturer will wish to kept **costs to a minimum**, therefore transport cost, **discounts** to be offered and the profit demanded by each middleman in the channel of distribution will affect the choice of distribution outlet. Less middlemen the lower the price for the consumer.
- To lower its costs and reduced the price for its **confectionary** for its consumers, Sensible Foods Ltd should select the direct channel of distribution.

Outline the factors a business would consider when choosing a suitable channel of distribution, provide examples to illustrate your answer? (20 marks) – 2012

3 Bullet Points required – 2 at 7 marks @ (3+3+1) 1 at 6 marks @ (3+2+1)

The verb is outline so use paragraphs (Bullet points will be accepted)

The **target markets** purchasing patterns will include the places they shop in, therefore the firm must ensure their goods are available in retailers that reflect their purchasing behaviour to maintain or increase sales. **Coco Chanel** is sold in Brown Thomas where its target market will shop. The retail outlet must match the desired image of the product demanded by the consumers – Mercedes Cars are sold in luxurious show rooms.

Manufacturer will wish to kept **costs to a minimum**, therefore transport cost, **discounts** to be offered and the profit demanded by each middleman in the channel of distribution will affect the choice of distribution outlet. Less middlemen the lower the price for the consumer. **Ryanair** reduced the price for its consumers by eliminating the travel agent from the channel of distribution.

A modern channel is **E-Commerce**. The firm use the internet to sell its products through its website directly to the customers. This will give them global sales opportunities if they market the product correctly and promote the websites to gain enough hits to improve its Google Ranking. A successful internet firm needs to develop new delivery and packaging system to ensure the products arrive safely and are priced correctly for delivery to each region. **Amazon** distributes products ranging from A to Z over the internet to a global market.

The nature of the product will determine the channel of distribution. The degree of perishability associated with the product, influences the speed with which the product must get to the consumer. If the firm uses too many middlemen in it chain of distribution, delays may occur and the perishable good may become useless and simple thrown out as wastage. **Coca – cola** is not perishable and can move slowly through the wholesaler to the retailer and finally to the consumer, whereas **fresh fish** is sold at the harbour directly from the manufacturer to the consumer. Goods that have a Short Shelf Life or high quality products should move through as few channels as possible to get to the consumer, to avoid damage.

Public Relations – 7 marks @ (4+3)

Sales Promotion – 7 marks @ (4+3)

2 Evaluations required – 6 marks @ (3+3)

The verb is evaluate so use bullet points and clear heading. Give your opinion to deal with evaluate

- Sales Promotion refers to specific short term incentives or direct inducements, which add value to the product, to attract the attention of the consumer and increase sales and brand loyalty. Sales promotions are repeated on a regular basis. Firm's often offer attractive free gifts with their products to attract their target market. MacDonald's offer children a free toy with the purchase of a happy meal.
- Many firm's offer loyalty cards or club cards that offer help consumers collect points or stamps that can be traded for special price promotions after a certain amount of points or stamps have been collected. It encourages consumers to be loyal to the store and even spend more money on store products to reach the needed amount of points / stamps. Tower Records offers a loyalty card and after collecting 20 stamps consumers get €10 off the next purchase.
- Evaluation The benefit of sales promotion is it aims to attract new consumers to the product and reward loyal older consumers with gifts and other inducements such as buy 1 get 1 free.
- **Public Relations** involves establishing and maintaining a positive public image for the firm and its products with the consumers (enhance the reputation of the firm) and help to forge a good relationship with the target market through good publicity. PR involves public relations officers, press releases, press conferences and sponsorship, donations to charity.
- **Microsoft** founder Bill Gates is donating vast amounts of his personal wealth to various global charities. Gates has made The Giving Pledge to donate over half of his wealth to charity. AIG sponsor the new **Dublin GAA** jersey and events such as Irish Heart Foundation's Happy Heart Weekend.
- **Evaluation** It is the sole element of the promotional mix that is not concerned directly with increasing sales. Indirectly by generating goodwill and a good corporate image (quality assurance) of the firm, PR increases sales and generating customer loyalty to the brand.

Explain the term "channel of distribution" and recommend to Deirdre a suitable channel for a cosmetics and personal beauty products business? (10 marks) – 2006

Deirdre Moloney hopes to start up her own cosmetics and personal beauty products business aimed at the consumer market. She has approached you as a marketing consultant for some advice in the form of a report.

Explain Channel of Distribution @ 5 marks (5)

Recommend a Channel for Deirdre @ 5 marks (5)

The verb is explain so use bullet points and clear headings

- **Channel of Distribution** is a chain of intermediaries, each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user.
- I recommend for a cosmetic company like **Deirdre Moloney** could choose the **retailer channel of distribution** to move it product to the consumer. This channel will bypass the wholesaler.
- Deirdre may want do this as it wants to keep control over the final place of sale of their products to maintain its exclusive image and therefore by bypassing the wholesaler and dealing directly with the retailer / exclusive department store, Deirdre can determine the place of sale and maintain the exclusive brand image in the mind of the retailer.

In the case of a particular product/service of your choice, evaluate the role of 1) advertising, 2) Public Relations, and 3) Personal Selling in the promotion of the product/service? (30 marks) – 2005

Pick a product of your choice

Advertising – 10 marks @ (4+4+2) Public Relations – 10 marks @ (4+4+2) Personal Selling – 10 marks @ (4+4+2)

Evaluate is the verb so use bullet points and give an opinion for each promotional method.

- **Promotion** refers to all means a firm uses to communicate to its target market about its products to increase sales. The service I choose to examine the promotional mix for is the L'Oréal Elvive Full Restore 5 hair care.
- Advertising is the communication of information about a product/service, through the media, to the firms target market, in order to initiate, maintain or increase sales. L'Oreal in 2011 ran competitive and informative advertising in the UK and Ireland for its L'Oréal Le Gloss and L'Oréal True Match Makeup. The campaign focused on regular advertisement on TV and fashion magazine, such as Cosmopolitan, Vogue, Elle and Marie Claire.
- Evaluation In my opinion using the media outlet of fashion magazines such as Vogue and Cosmopolitan was an effective strategy by L'Oréal to reach its specific target market as these magazines are purchase by the fashion conscious female segment of the market.
- Sales Promotion refers to specific incentives or direct inducements, which add value_to the product, to attract the attention of the consumer and increase sales and brand loyalty. Gifts, Tokens, 50% Free or Special offers 3 for the price of 2. L'Oréal offer numerous inducement to increase the sales of their products, such as their L'Oréal Le Gloss and L'Oréal True Match Makeup, 50% free and buy two colours of Le Gloss and get a third free.
- Evaluation In my opinion these inducements all add value to the product in the eyes of the consumer and help L'Oréal sell more of their product to their target market.

- **Public Relations** involves establishing and maintaining a good public image for the firm and its products in the eyes of its target market (enhance the reputation of the firm). It is the sole element of the promotional mix that is not concerned directly with increasing sales. Indirectly by generating goodwill and a good corporate image (quality assurance) of the firm, PR increases sales.
- L'Oreal have used Direct PR, by using music and film superstar Jennifer Lopez and Cheryl Cole to endorse the products L'Oreal Le Gloss and L'Oreal True Match Makeup giving the products an exclusive image.
- **Evaluation** In my opinion using Jennifer Lopez who is also the head judge of American Pop Idol is an effective method to help L'Oreal attract younger girls to the L'Oreal brand portfolio.

Illustrate for a product/service of your choice, the elements of the marketing mix? (35 marks) – 2003

Product – 9 marks @ (3+3+3) Price – 9 marks @ (3+3+3) Promotion – 9 marks @ (3+3+3) Place – 8 marks @ (3+3+2)

The verb is illustrate so give examples and use bullet points and clear headings

- **Product** is the good or service produced to meet customer's needs. Produced in plastic, a simple design. A Bic pen is a product made in all ink colours (Blue, black, red, green and many more varieties). It is disposable so not environmentally friendly (not recyclable).
- Its brand name is of a low priced bargain image. In its lifecycle, the average Bic pen will have 15 owners. There is no guarantee given with the purchase.
- Bic pens have either no packaging if bought singularly or basic packaging if sold in a pack of three pens.
- **Price** is the value placed on the item being exchanged in the market place. Bic pens have a low price, and have an odd price € 0.50 to give a bargain feeling.
- Bic must ensure the price covers the cost of producing the pen to ensure continued production in the long run.
- Bic also sets its prices similar to that of its main rivals to ensure it does not lose competitiveness in the marketplace.
- **Promotions** refers to the means a firm uses to communicate to its target market to generate sales. Bic use Sales Promotion, such as buy 3 and get 1 free inducements to add value to the purchase for the consumer, to promote their goods.
- They use Direct Selling, through the use of catalogues.
- Bic engage in PR as they sponsor the world surf boarding championship each year, help to raise brand awareness and product sales. Merchandising is a central part of their marketing strategy the position in the shop (Bic pens are placed near the counter to increase brand visibility and encourage impulse buying) to increase sales.

- **Place** aims to maximise sales, by selling the sell product in the right place and ensure cost efficient of distribution and timely delivery.
- Bic ships much of its stock through the traditional channel of distribution to move its products to the consumer. Bic also, by pass the retailer and sell through Mail Order Wholesalers, such as Argos.
- Bic pens are sold in newsagents and large multiples like Eason. Bic also sells its pens on its web site.

Applied Business Question

- The Applied Business Question (**ABQ is compulsory**). You will read a short Business Case Study and answer questions based on the story. The questions will be taken from 3 Units of the Course (There are 7 Units in the complete business course).
- The Units for 2019 Sixth Year are Units 1, Unit 2 and Unit 3.
- There are 80 marks for the Applied Business Question, yet about 32 marks are available for simply quoting from the story to support your answer (Linking your theory to the text).
- In answering an Applied Business Question

Six Steps to Success

Explain your bullet point (Business Theory)

Illustrate your bullet point with references and quotes from the text (Link)

Deal with any Verbs (Evaluation)

Give the keys words in the question back, to the examiner, in your answer on the page in your exam (Has contributed to the success of the firm)

Check for 2ND parts to the question (And how can it be improved / Give a reason)

Write extra sentences to deal with irregular marking schemes

Rewrite major quote at the end of your answer

• Read the questions first, so all your reading of the passage is constructive, and write down your solutions at the bottom of the page and read the passage to find your quotes and references, to link your bullet points to the passage.

UNIT 5

Unit 5 questions typically focus on marketing and business plans.

Last time examined it asked the stages in the new product development process (Idea generation, product screening, concept development, feasibility study, prototype development, test marketing and launch).

It has asked the sources of market research both desk (Internet, Journals, Government publications and Third level experts) and field (Survey, Observation and Focus Groups).

It has focused on the promotional mix (Advertising, Sales Promotion, Direct Selling and Public Relations).

It has examined the marketing mix (Product, Price, Place and Promotion).

It has looked for the headings of a business plan and a mini business was expected to be constructed.

Expansion has been ignored but be careful as the methods of expansion could be asked (organic and inorganic).

Watch out for Market Segmentation.

Promotion and Place Bullet Points

- **Be Able to Define Promotion** (method of communication to increase, maintain or initiate sales).
- Appropriate Form of Promotion / Advertising 1) Nature / Type of Good (Chinese restaurant – Flyer), 2) Stage of Lifecycle (Decline – Reminder Advertising), 3) Habits of Target Market (Business People – FT) and 4) Cash Flow (Super bowl).
- Advertising (Media)
- Functions of Advertising 1) Launch a new Product / Inform people about product (IPhone 11), 2) Establish a Brand Name and Persuade Consumers to Buy the Product (Informative advertising, Chill.ie/Quote Devil.com), 3) Increase Sales / Compete with Rivals Advertising (Diet Coke / Taylor Swift), 4) Reignite Sales / Remind people of the Product (Decline stage Reminder advertising / positive memories of an older product), 5) Segment the Market (Diet Coke and the female segment) and 6) Defensive Strategy (to apologise Volkswagen).
- Types of Advertising 1) Informative (Launch, to ignite sales /MCD U2 Playing 3 Arena on 3rd Feb), 2) Persuasive (Desire it / Must have it / Essential – Increase sales / Taylor Swift Diet Coke), 3) Competitive / Comparative (Maturity and Saturation – Maintain sales – Our product is better – Duracell), 4) Reminder (Decline – keep it selling – Kellogg's) and 5) Generic (Industry or Government – Bord Failte / Buy Irish).
- Advantages of Advertising 1) Introduce a New Product (Windows 10), 2) Increase Sales (Diet Coke / Taylor Swift), 3) Job Security (increased sales for the firm), 4) The Media (Sky Channel / Game of Thrones) and 5) Economies of Scale (Increased output = Discounts).
- Disadvantages of Advertising 1) Higher Costs (Increased prices of goods and services/IPhone 11), 2) Ill Health (By helping to sell unhealthy foods, advertising can increase global ill health) and 3) Misleading (Volkswagen).
- Advertising Regulators 1) ASAI (set up by advertising industry, protect consumers, adverts must be legal, truthful and honest and prepared with a sense of responsibility, non-legislative, no legal power but will petition and ask advertiser to change advert if they receive a complaint, Hunky Dory's and girls playing Rugby adverts) and 2) NCA / CCPC (Legislative, Will investigate complaint about misleading adverts and can have them banned, Aer Lingus).

- Know Steps in an Advertising Campaign.
- Television, Internet, Radio, Billboards, Direct Mail and Newspapers.
- Advertising is Powerful how can it be controlled Agree and define advertising, Give example of offensive advert (Paddy Power / Hunky Dory's – Tayto), talk about the ASAI (Non legislative body) and CCPC (legislative body), CCPC banned the advert (Educogym, Vodafone).
- Sales Promotion (Inducements that add value)
- Sales Promotions Short term inducements that add value, repeated on a regular basis, attract new customer, reward old customer. MacDonald's Kiddie Meals. All help to increase sales and generate a positive image. Vouchers (Loyalty, Money Conscious consumers), Free Gifts (Increased sales), Competitions (Publicity increased sales), Samples (Lowers risk) or Loyalty cards (Loyalty and increased spending).
- **Merchandising** Display of goods in a prominent way in the shop or shop window.
- **Direct Selling** Person to person, sellers goes to the consumer, trained in selling, catalogue, feedback from conversation, BT cosmetics department and females, Sky TV / Vodafone.
- **Telesales** Selling to customers over the phone.
- Public Relations
- **Public Relations** Involves establishing and maintaining a good public image for the firm and its products with the consumers (enhance the reputation of the firm).
- **PR** Good image indirectly increases sales, sponsorship or donations, endorsements and product placements.
- Types of PR 1) Direct PR (Sponsorship Dublin GAA and AIG, endorsements Cheryl Cole and L'Oréal, Donations Bill Gates, Product Placement Apple and House of Cards, Public Event Apple), 2) Indirect PR (Courtesy of the staff, appearance of the premises) and 3) Crisis PR (Defend the firm in times of criticism, Volkswagen).
- Functions of PR 1) To attract publicity (PR stunts, Guinness Amplify, College Open days, Pepsi and the Blue Concorde, increase sales, sponsorship), 2) To gain and build a positive image for the firm (Ballygowan and the golden packaging) and 3) To target a specific target market (Cheryl Cole and L'Oréal) and 4) To apologise (PwC, Volkswagen).

- Public Relations Techniques 1) Sponsorship (AIG and Dublin GAA), Endorsements (Puma / Usain Bolt), Donations to Charity (DAA, Bill Gates), Product Placement (Apple and House of Cards / Aston Martin / James Bond), Public Events (College Open Days), News Conference / Press Release (Netflix and Stranger Things 3) or Public Service Activities (SuperValu and Lidl and GAA).
- **Promotional Mix** A) Advertising, B) Sales Promotions, C) Direct Selling and D) Public Relations.
- Know how to explain the promotion mix for an unseen example. We do L'Oréal and MacDonald's.
- Place (Distribution)
- Know Wholesalers
- Know Retailers
- Channels of Distribution A) Traditional (Manu W/s R C), 2) Retailer Channel (Manu – R – C), 3) Direct (Manu – C) and 4) Modern (Manu – Online R – C).
- Advantages of Chain Stores 1) National Advertising, 2) Do research and customer feedback on products, 3) Big and Fast sales especially important for perishable goods and 4) Guaranteed buyer.
- **Disadvantages of Chain Stores** 1) They develop their own version of your product, 2) Restrictions cannot sell product in other chain stores and 3) Product lost in a sea of goods on the shelves.
- Selecting a Channel of Distribution 1) Target Market (shop that matches their purchasing pattern, coco channel and BT), 2) Cost (More middlemen the dearer the product), 3) E-Commerce (Postage systems, global mark, Google ranking, Amazon) and 4) Nature of the Product (Perishable Direct channel) and 5) Restrictive conditions (cannot supply firms that are seen as competition to you main chain store) 6) Payments (Big firms, 30 days credit, Liquidity).
- Be able to do marketing mix for an unseen example. We do Bic pens and Cartier pens and Ballygowan.

Promotion Definitions

- **Promotion** (Third element of the marketing mix) Refers to all means a firm uses to communicate to its target market about its products to initiate, maintain or increase sales. The promotional mix is the main methods a firm can use to communication to its target market. The Promotional Mix has 4 elements, 1) Advertising, 2) Sales Promotion, 3) Public Relations and 4) Personal Selling.
- **Advertising** Is the communication of information about a product/service, through the media, to the firms target market, in order to initiate, maintain or increase sales.
- Sales Promotion (gimmicks) Refers to specific short term incentives or direct inducements, which add value to the product, to attract the attention of the consumer and increase sales and brand loyalty. Sales promotions are repeated on a regular basis, such as Cola cola competitions for every major football event with the chance to win tickets and footballs when a can of coke is purchased for the duration of the event.
- **Direct / Personal Selling** Selling that involves informing the customers and persuading them to purchase a product through personal communications, to increase sales. It is based upon person to person relationships in which the seller goes to the consumer rather than the consumer going to a shop. The distributor's will meet the customer, usually at their home.
- **Public Relations** Involves establishing and maintaining a good public image for the firm and its products with the consumers (enhance the reputation of the firm). PR involves press releases, press conferences and sponsorship, donations to charity and endorsements.
- **Merchandising** Refers to the variety of products available for sale and the display of theses goods in a prominent visible section of a shop and organised in an attractive manner, to ensure the positive attention of consumers so their interest is stimulated to increase sales.
- **Place** To maximise sales the business must ensure their product is in the appropriate place at the right time and is delivered using the correct channel of distribution. To ensure external efficiency, the firm must select the most suitable channel of distribution, to guarantee their product arrives efficiently at the point of sale, at the lowest cost possible to maximise revenue.
- **Channel of Distribution** A chain of intermediaries, each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user. This is often referred to as the supply chain.

Níor tháinig olc riamh nach dtáinig maitheas ina dhiaidh