**Btec Enterprise Promotion and finance**

**student workbook**

Name………………….

Teacher………………

**Learning Aim A**

**The promotional mix: methods and message**

Elements of the promotional mix

Sales promotion

Personal selling

Direct marketing

Advertising

Public relations

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| **The message communicates one of the following:** |
| The feature and benefits of an enterprise |
| The products offered by an enterprise |

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| **By communicating features and benefits a promotion can:** |
| Remind customers |
| Inform customers |
| Persuade customers |

**Advertising**

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| **What is the purpose of advertising?** |
| **Purpose** | **Description** |
| Inform | Let potential customers know about(raise awareness) new products and its benefits.  |
| persuade | To tell people about the benefits of a product, so they hopefully buy it.  |

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| **What are the two basic aspects of advertising?** |
| **Aspects** | **Description** |
| The message | What is the point you are trying to get across.  |
| The medium | Which method will you choose (eg TV, Radio, leaflets) |

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| **Method of advertising**  | **Where this type is used.** | **Why this type is used.** |
| Video | On television, cinema or sites like youtube.  | Suitable for goods with features that have moving parts, so they can be demonstrated.  |
| Print  | Newspapers, magazines or billboards.  | Seen by a large number of people. Eye catching, placed for example next to busy roads. Example includes advertise new football boots near football stadiums.  |
| Ambient | Public spaces for example on the side of busses.  | Catching the attention of people passing by or waiting for a bus.  |
| Digital | Websites or sent to customers by email or text.  | Reach a large number of people quickly. Google and Facebook work together to target people.  |
| Audio | Radio adverts or adverts on Spotify.  | Can talk to customers about products and low cost.  |

**Sales promotions**

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| **What is the purpose of sales promotions?** |
| **Purpose** | **Description** |
| Entice people | Special offers and promote them in a shop window.  |
| Boost sales | For examples sales promotions at the end of the month to boost sales figures for a car showroom.  |
| Attract first time buyers | Special offers for new customers.  |
| Clear out old stock | Sell off old stock to make way for new stock.  |

**Methods of sales promotion**

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| **Method of promotion** | **How it works** |
| Coupons | A small paper or card token offering a discount later.  |
| Competitions | Example is when you buy a drink and take off the wrapper to see the back to see if you have won a price.  |
| Money off/discount | Eg 20% off |
| Loyalty schemes/incentives | Eg Buy 9 drinks at Costa Coffee and get the 10th one free.  |
| Free samples | Try something new before buying. Café Verde sometimes do this with new food.  |
| Buy one get one free | BOGOF, provides a 50% discount.  |

**Personal selling**

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| **What is the purpose of personal selling?** |
| **Purpose** | **Description** |
| Feedback | Customers can ask questions and give feedback.  |
| Adapt message | The sales person can adapt the message depending on the person they are targeting.  |

**Methods of personal selling**

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| **Method of personal selling**  | **How it works** |
| Face to face | Listen to customers, read body language etc.  |
| Telephone | Call centre, but cannot read body language.  |
| Email | Takes longer than face to face, can send attachments, guides etc. |
| Video or web conferencing | Can see the customer, can demonstrate the goods and can send files.  |

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|  **Order the stages below 1(the first stage) to 5(the last stage)** |
| **Manage objections** | **4. Deal with customer concerns and queries.**  |
| **Deliver and support** | **5. Deliver the goods.**  |
| **Generate leads** | 1. **Find new customers.**
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| **Check on the leads** | 1. **Speak to the potential customers to see if worth pursuing.**
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| **Demonstrate the product/service** | 1. **Demonstrate solutions.**
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**Public Relations**

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| **Enterprises often employ PR specialists to:** |
| Help manage their brand.  |
| Create positive publicity.  |
| Encourage positive views of the business.  |

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| **Benefits of PR** | **Drawbacks of PR** |
| **Free.**  | **Hard to control what others say.**  |
| **Wide audience.**  | **No guarantee the media will report it.**  |
| **Improve reputation.**  | **Can’t measure how much good it has done.**  |
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**Methods of public relations**

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| **Method** | **Description** |
| **Press releases** | **Eg provide newspapers with something good the business has done, like raise money for charity.**  |
| **Exhibitiions** | **Put on displays of the goods, for example Apple do this when a new phone is being launched.**  |
| **Sponsorship** | **Sponsor sporting events or teams.**  |
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**Direct marketing**

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| **The purpose of direct marketing** |
| To establish and build relationships with customers.  |
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| **Direct marketing can be effective at encouraging repeat purchases by:** |
| Building positive associations with the brand.  |
| Introducing customers to new products.  |

**Methods of direct marketing**

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| **Method** | **Description** |
| **Direct mail** | Leaflets and letters poster through the door |
| **Mail order catalogues** | Examples include Avon.  |
| **Magazines** | Some companies produce magazines and send them out to people to order.  |
| **Telemarketing** | Customers are telephoned about new products or offers.  |
| **Digital mail** | Emails or texts are sent.  |

**Ranking direct marketing for effectiveness of attracting customers (1 being the most effective 5 being the least)**

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| **Direct mail** |  |
| **Mail order catalogues** |  |
| **Magazines** |  |
| **Telemarketing** |  |
| **Digital mail** |  |

**Ranking direct marketing for effectiveness of cost (1 being the most expensive 5 being the least)**

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| **Direct mail** |  |
| **Mail order catalogues** |  |
| **Magazines** |  |
| **Telemarketing** |  |
| **Digital mail** |  |

**Types of markets**

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| **To create an effective promotional campaign an enterprise must consider:** |
| **Business to Consumer (B2C)** |
| **Business to Business (B2B)** |

**Business to consumer (B2C) markets**

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| **Enterprises need to consider:** |
| **What is convenient to the customer.** |
| **The customers emotional response to the product.**  |

**Customer decisions**

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| **Factors in decision making in B2C markets** |
| **Features and benefits** |
| **Emotional response** |
| **Value for money** |
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**Business to business (B2B) markets**

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| **Factors in decision making in B2C markets** |
| **Improve productivity.**  |
| **Is it a profitable investment?**  |
| **Does it save time?** |
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**Market segmentation: demographic and geographic.**

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| **Why markets are divided** |
| **To understand the customers better** |
| **To develop goods for certain customers.**  |
| **To choose target markets to specialise in.**  |
| **To choose the correct promotional strategies.**  |

**Demographic segmentation**

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| **Age** | **Example – teenagers buy different products to over 65s** |
| **Gender** | **Example – Males buy different products to females.**  |
| **Income** | **Example – Rich people buy different products to others.**  |
| **Social Class** | **People in social grade A have different tastes and more money than people in social grade B or C.**  |
| **Ethnicity** | **People of different ethnicities by different products.**  |
| **Religion** | **People with different religions buy different products.**  |
| **Family size** | **Example – people with families buy bigger cars than people without, in general.**  |

**Geographic segmentation**

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| **Examples of reasons for geographic segmentation** |
| **People living in hot countries buy different products to those that are not.**  |
| **Examples include air conditioning vs heating, types of cars people buy etc.**  |
| **Countries have different cuisine.**  |

**Market segmentation: Psychographic and behavioural**

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| **Examples of products based on this process.**  |
| **Sports equipment and clothing may be aimed at people doing certain sports.**  |
| **Newspapers target who people vote for.**  |
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**Behavioural segmentation**

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| **Segment** | **Definition** | **examples** |
| **Usage rate** | **Customers are categorised by how often they purchase a product.**  | **Many airlines set up special membership clubs.**  |
| **Loyalty**  | **The level of loyalty is rewarded** | **For example Costa Coffee loyalty scheme.**  |
| **Desired benefits** | **Most products have a range of features than provide customers with benefits.**  | **Smartphones have desired benefits.**  |

**Factors influencing the choice of promotion**

**Size of enterprise**

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| **Large enterprises**  | **Small enterprises** |
| **Likely to use lots of promotional strategies.**  | **Likely to use less.**  |
| **May employ specialist staff to promote products.**  | **Unlikely to promote specialist staff.**  |
| **May employ public relations managers.**  | **May only run promotions at certain times of year.**  |

**Budgetary constraints**

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| **Examples of budgetary constraints**  |
| **Struggling financially so cannot afford to expensive promotions.**  |
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**Appropriateness**

**Carry out activity from book (pg 135)**

**Target market**

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| **An enterprise must always carefully consider the characteristics of its target market including:** |
| **What sort of medium is good to use.**  |
| **What newspapers people read.**  |
| **Where people spend their time.**  |

**Financial**

**Methods of payment**

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| **Method** | **notes** |
| **Cash** |  |
| **Credit cards** | **Buy something using a credit card and pay this off later.**  |
| **Debit cards** | **Buy something using a debit card which takes the money out of the bank immediately.**  |
| **Direct debit** | **Set up to pay bills monthly automatically.**  |
| **Payment technologies** | **Apple Pay, PayPal, bank transfer etc.**  |
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**Profitability vs liquidity**

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| **Research what profitability means** | **How profitable a business is.**  |
| **Research what liquidity means** | **The availability of liquid assets a company has.**  |