



# Promotion

Unit 3 - Marketing

# Promotion

- Any *incentive* given by the companies to encourage consumers to buy their products.
- All promotion is divided in 2 categories
  - a) Above the Line: any form of advertisement**
  - b) Below the Line: is any sales promotion which includes discounts, buy one get one free etc etc.

## Different medium of Advertisement

- **Newspapers:** usually for products that are targeted at older people like insurance etc.
- **Television:** everyday usage products like food items, households goods are advertisement are seen on tv. This platform is usually expensive but obviously it has more reach than newspaper.
- **Social Media:** much greater reach than any other platform and can have more targeted marketing.
  - **Bill Boards:** can have a lot of local reach and therefore can be effective. This medium mainly used for local business like local restaurants, communication networks, food items, clothing. Can be really expensive for long time periods.
- Brochures: is usually used by small businesses that cannot afford to spend much on advertisement.
- Advertisement is more effective when the promotional elasticity of demand is

more elastic.

# Types of Advertisement

- These are the 2 types of advertisements

## ***a) Informative Advertisement***

Informative is when a company is mainly focusing on highlighting the features of any product.

## ***b) Persuasive Advertisement***

It is when a company tries to persuade the consumers that they need a certain product.

# Promotional Elasticity of Demand

= Percentage change in demand / Percentage change in advertisement

If the Promotional elasticity of demand is 2 it means for 1 percentage change in advertisement will result in 2 percentage change in demand.

## Below the Line Promotion

- Sales Promotion: is giving incentives like discounts, buy one get one free, after sales service like warranty / guarantee.
- Warranty and Guarantee are very important elements for large consumer goods like cars, home appliances.
- Below the line promotion is usually used to get rid of old stock. • To make below the line promotion effective you need to use above the line promotion.
- Moreover below the line promotion can be expensive since you are giving discounts, after sale service.
- For below the line promotion to be effective the ***product's price elasticity***

*of demand should be* more elastic.

## Other unconventional forms of Promotion

- ***Sponsorship:***

Is when you finance any event, project to have your product / brand advertised. This is based on the idea that this event project will result in great outreach.

- ***Direct Mailing:*** is when a business sends, magazines, brochures and other promotional material to the customers home.

- ***Deals partnerships with other business:*** often business make agreements with other businesses to make profitable deals like discounts for other

businesses etc.