

# How to achieve an effective promotional mix



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# Promotional Mix

## What it is

The 'promotional mix' is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers.

The promotional mix includes the following tools –

- advertising
- public relations
- sales promotion
- direct marketing
- personal selling

The promotional mix is part of the wider marketing mix. To find out about the marketing mix see the 10-minute Marketing Mix.

## Why it is important

If customers don't know what products and services you provide, then your business will not survive in today's competitive marketplace. Effective communication with your customers is vital to ensure that your business generates sales and profits.

By taking the time to develop and implement an appropriate promotional mix, you will stimulate your target audience to buy your products or services – and manage this within a budget you can afford.

## What you should do

A successful promotional mix uses a balance of its five tools in a planned and structured way – a single tool rarely works well in isolation.

The challenge is to select the right mix of promotional activities to suit your particular business at a particular time – and to then use it correctly to achieve a result. The combination of tools you use will depend on the target audience, the message you wish to communicate and the budget you make available. There would be little point in advertising new gas boilers in a fashion magazine – much more appropriate to advertise in a trade magazine for builders and gas fitters.

Here is a 10-step checklist for developing and managing your promotional mix.

1. Decide how the products and services you provide can be 'packaged' together. The image of your business is formed by the way you promote the elements of the marketing mix – your products, prices and the places through which you sell. It is often helpful to think about promoting the business as opposed to a single product or service. If you need to think more about the marketing mix before going any further, take a look at the 10-minute Marketing Mix briefing.
2. Develop a profile of the target audience for the message you will communicate. Who is the target audience? This goes beyond a simple customer list. Is it consumers, businesses or members of the channel (such as distributors) you are using to get your product to the end customer? Is it the wider stakeholder audience?

3. Decide on the message to use. Are you trying to differentiate, remind, inform or persuade? Set an objective for what should be achieved. Be clear about the benefits that you want to promote.
4. Decide what image of the product/service/business you want your audience to retain.
5. Decide on a budget. This is often how much you can afford given projected sales for the product or service.
6. Decide how the message should be delivered. To help you to decide what aspects of the promotional mix to use, think about taking your customers on a journey that starts by creating awareness about your business, through obtaining information about the products and services you provide, and ends by generating a sale. Each component of the mix will achieve a different result, so your choice must be based on real objectives for your business. What promotional tools should be used? When should communications happen? How often? Is the message consistent?
7. Decide what actions you want your audience to take as a result of receiving your communication. It isn't always 'place an order'.
8. Put in place a means of measuring and controlling the plan once it is developed. Who will be responsible for dealing with the agency or media? Who will be responsible for checking that promotional activity happens as planned?
9. Undertake your promotional plan. Be consistent in what you say and how you say it.
10. Measure what you have achieved against the original objectives that you set.

### What you need to know

To use the promotional mix effectively, you need to understand a little bit more about each of the five tools and how you could use them to achieve your objectives.

Advertising – There are three main reasons for advertising –

- to provide your target audience with information (creating awareness)
- to persuade them to buy from you (by promoting product and company benefits)
- to reinforce your existence (by consistently repeating key messages)

Research shows that people need to see an advertisement at least seven times before it starts to mean anything to them. So, to be effective, advertising needs to be conducted regularly in a consistent and 'recognisable' manner.

It can therefore be quite costly. Typical advertising media include Yellow Pages, local newspapers, radio, trade journals, exhibitions and websites. It is also difficult to assess how much business is achieved through 'paid-for' advertising unless you include some form of monitoring scheme (such as a discount voucher) within the advertisement.

*Public relations* – Publicity is something that 'happens' to a company and the result may be good or bad. Public relations (or PR) involve a sustained attempt to develop your reputation as a business by using the media to help create the image you desire. It is a way of keeping the business in your customers' eyes.

News or press releases can be distributed to the media to announce, for example, new product launches, a change in opening times or company successes. Articles can be distributed to trade journals or local newspapers, and sponsorship or charitable donations can help to position your business more prominently in the market place than your competitors. Attendance at exhibitions and seminars can also help to promote the image of your business to a chosen target audience.

If you feel confident dealing with the media yourself, then public relations can be a very cost-effective method of promoting your business.

*Sales promotion* – This activity is best described as a specific, usually short-term, promotion that is 'over and above' what you would normally provide to the customer (e.g. buy one, get one free).

When used effectively, sales promotions can help to move old stock, counteract competitor activity, merchandise new products, encourage repeat buying and motivate your staff. They can also be monitored, so the success of a particular sales promotion can be measured over time.

Sales promotions are a good way of attracting new customers. However, on their own they are unlikely to build customer loyalty or change their longer term buying habits. The type of promotion selected also has to be relevant to your target customers as well as to your own marketing objectives.

*Direct marketing* – Direct marketing is an increasingly popular technique as it enables you to target specific customer groups very accurately. It is a flexible way to deliver your message and, because each letter can be personalised, the chances of a response are greatly improved. The overall success of a campaign can also be directly measured in terms of the number of responses received.

You can collect information on customers and use this to build up your own 'in-house' database. Although this can be time-consuming, the information gathered will be accurate and relevant to you, and can be relatively easily kept up to date.

Alternatively, you can buy a mailing list of potential customers that is tailored to your precise specification. For example, if you were selling 'up-market' motorbikes and associated products, you could buy a mailing list that provided details of men over 40 years old, who own a bike, live in a certain postcode area and have a salary of above £25,000. The cost of buying this list may be high, but if you get a good response rate from your mailing activity to this group, then the expense would be considered to be worthwhile.

Be aware that some false addresses may be included in a purchased list so that the seller of the list can verify the mailing activity that takes place and stop theft of a list.

*Personal selling* – This is the most effective form of promotion because it allows your approach to be tailored to the needs of an individual customer. Getting a sale is ultimately extremely important, but the process involves a lot more than this. It is about having a constructive dialogue with customers to listen to their needs, promote product & company benefits on an individual basis, answer any questions, resolve any problems and get their feedback before clinching a sale.

Face-to-face, a sales person can build a relationship with the customer – understanding their needs and feeding back this knowledge to the business to improve products, customer service standards, competitor knowledge etc. Employing a sales person is a costly exercise in the first instance, but it is one that will provide a pay back, usually within 1–2 years.

For owner/managers of small businesses who may not have sufficient resources to employ such staff, do not forget that a personal approach to customers is still appreciated and is an important part of any business development strategy. Active networking with existing customers, suppliers, business associations and specialised industry groups can also play a valuable role in promoting your business to a wider target audience and the value of this activity should not be underestimated.

### What to do now

Once you have completed the plan for your promotional mix, you need to plan and undertake specific promotional activities and make sure they meet your objectives.

*Advertising programmes* – These can be expensive and need to be planned ahead in order to meet publishing deadlines.

*Public relations* – A campaign will only be a success if it has been planned, coordinated and measured against a desired set of results.

*Sales promotions* – These need to be effectively managed by setting objectives for each promotion and evaluating the results after the event.

*Direct marketing* – Weigh up the benefits of using your own list against a bought-in list and whatever choice you make, be prepared to follow-up your activity to create the sale.

*Sales representatives* – A sales force needs to be motivated and managed to achieve sales targets. They require time and resources for training, motivation and personal development before they become fully effective.

For more information on planning specific promotional activities, see the 10-minute Marketing Communication briefing.

### Where to find out more

Advertising – The Advertising Standards Authority at [www.asa.org.uk](http://www.asa.org.uk) is a good reference point for UK standards and codes on advertising practice.

Public Relations - The Chartered Institute of Public Relations - [www.cipr.co.uk](http://www.cipr.co.uk)

Sales promotion – Institute of Sales Promotion - [www.isp.org.uk](http://www.isp.org.uk).

Direct marketing – The Direct Marketing Association (DMA) at [www.the-dma.org](http://www.the-dma.org)

## An example in practice

### APPENDIX 1

#### Greenfingers.com

##### Smelling of roses

David Murphy profiles gardening website Greenfingers.com

When dreaming up ideas for transactional web sites, one dealing in gardening equipment, plants and everything else you find in the average garden centre might not seem the most obvious choice. It's not that there isn't a market for garden equipment and plants - a Mintel report published in April '99 estimated that there were some 20 million gardens in the UK, with nine million households having both a garden and Internet access.

But if the acid test for an online transaction site is how little it matters that potential buyers can touch, feel and even smell the goods on offer, then a site selling live plants and shrubs should, in theory, never have got off the drawing board. But when ex-Times gardening correspondent George Plumptre decided to get back into gardening after a spell working for an auction house, a gardening internet site was the only thing on his mind, and Greenfingers.com ([www.greenfingers.com](http://www.greenfingers.com)) was born.

Says Plumptre: "I saw that the internet could provide a fantastic offer for the gardening public in terms of instantly-available information and help and advice linked to the growing desire for people to actually buy things online." Plumptre was helped by the fact that at the time of the site's launch in April 1999, unlike most of the other Internet "spaces"; there was no major European player in the gardening sector. So while gardening consumers were searching for information, he says, apart from garden.com in the States, there was a lack of online resources to service their needs.

"If there had been two or three big players doing it properly, it might have ground to a

halt because the investors would have said we were too late" he says, "but in terms of having a mission to deliver, I would have taken quite a lot of deterring."

##### Content, content, content

The idea for the site, created by new media agency and shareholding partner,

Designercity, which incubated the project until the first round of funding was secured, was conceived by Plumptre in the summer of 1999, followed by nine months' hard work in putting together the content.

Given the breadth and depth of this content, amounting to some 150,000 pages in all, this was no small task. An interactive Plant Finder database, created with the help of expert botanists from the Natural History Museum, contains around 7,000 species, enabling users to find the plant they want quickly. Users can search for a list of possible and probable plant species using criteria such as leaf and flower type, colour and growth habit. If the plants returned from a Plant Finder search are not available from Greenfingers, the site also gives details of local stockists. In addition to the search facilities, the Plant Finder also offers detailed plant profiles and planting tips for different types of garden, with information on aspect and soil type, plus personal preferences on colour, flower type and season of interest.

Alongside the Plant Finder database is the Royal Horticultural Society's Nursery Database, which holds details of more than 400 nurseries and specialist growers on the UK dealing in rare and unusual plants. At the other end of the spectrum, the Essential Plants directory has details of how to cultivate the 50 most popular families of garden plants, from heathers and honeysuckle to lilies and lilacs.

A further database holds details of around 1,000 gardens which are open to the public, with a visual review of each garden including details on themed planting schemes, unique features and a map of how to get there. On top of all this, there's a monthly online magazine, plus around

150 gardening workshops, with different projects designed for beginners, intermediate and experienced gardeners, and a gardening history section. This holds comprehensive details of every style of gardening through the ages, from Italian renaissance to the contemporary landscape designs of the 20th century.

In addition to the information content, the site is fully transactional, with 7,000 product lines on offer, including 6,000 species of plant, plus a wide selection of gardening equipment, including furniture, barbecues, greenhouses and garden tools. Goods ordered from the web site are delivered to customers between 4pm and 9pm weekdays, the delivery operation outsourced to Securicor.

Greenfingers marketing director Jonathan Cowan believes it's this combination of information and transaction that gives the site its edge. He says: "Even now, when there are lots of other competitors out there, no one has had the same vision that we have had, which is the fusion of content and commerce. Everybody else out there is either a shop with a little bit of information to give them credibility, or they're an information site with little or no commerce."

Customer orders are dispatched from a variety of sources. A warehouse in Birmingham handles much of the hardware, though some lines are delivered direct from the suppliers. Plants are dispatched direct from Eastfields, a company with many years' experience of supplying large numbers of live plants around the UK. Turnaround on the plants is not particularly fast, at up to 10 days and hardware is delivered much more quickly, usually within 48 hours. But Plumptre says the company has deliberately chosen to err on the side of caution, preferring to offer a level of service that it knows it can deliver, rather than promising the impossible - "even if it doesn't sound as sexy as what one or two of our competitors might be able to offer." Far from expecting the goods faster, says Plumptre, consumers who take the time to complete the email surveys that go out to all consumers after their order has been fulfilled are, on average more than happy

with the company's delivery performance, rating it somewhere between meeting and exceeding their expectations.

Though the Greenfingers team has obviously thought through many of the problems in running a transactional site, particularly those relating to fulfillment, Plumptre says the company has not modelled itself on any other online operation.

"There were no examples of the sort of e-commerce offer we wanted to do, embracing hard garden goods and live plants and a variety of other items, so it needed a structure of its own" he says. "It wouldn't have worked if we'd seen a structure we liked and tried to apply it, because no-one has done this before. Selling a live shrub or a live tree is not like selling a book or a CD-ROM."

The typical Greenfingers.com customer, the company says, is similar to the typical web user, predominantly ABC1, but slightly older than usual, with an average age of around 44, and a roughly 50:50 male to female split, rather than the usual male skew found among web users. "Gardening is getting younger thanks to Charlie Dimmock and Ground Force while the net is getting older in terms of penetration" says Cowan. "We meet nicely in the middle." On marketing to its customers, Cowan admits that the company does not do enough yet in terms of individual or "one-to-few" targeting, but promises that this will improve as the company hones its communications skills.

### **An experienced team**

While clearly driven by his own passion for gardening, Plumptre, who fulfils the role of editorial director, has surrounded himself with a team which has a healthy combination of marketing, gardening and online experience, bucking the trend set by some b2c dotcoms. Chief executive officer Helen Bridgett was recruited from Tesco in spring 2000, after overseeing the launch of the Tesco Online brand in the UK in 1998. As head of online marketing, she presided over rapid growth, as the brand hit £50 million turnover in 1999.

Prior to the Tesco role, she had also worked for Abbey National and BRMB. Marketing director Cowan came to Greenfingers from Dixons Stores Group, where he was brand development director. Prior to DSG, he had followed a traditional marketing career at Procter & Gamble, United Biscuits, Nestle and Spillers. Product sourcing is in the hands of Guy Grimes, who has 20 years procurement and fulfilment experience in the gardening industry in the UK and the States, while non-executive chairman Robin Klein sits on the board of a number of new media companies. "In terms of fulfilment, we don't have your average MBA team trying to work out how to do it" says Cowan, "we have real people with real experience in blue chip companies."

The company is cagey about releasing figures, revealing only that in terms of new members and unique visitors, it is meeting its targets, and that it is on track to hit its target of 800,000 unique visitors by the end of the site's first year in business.

It received £5m of first-round investment in February 2000 from a consortium of venture capital companies including Amadeus and 3K Digital from the UK and Dutch fund Gilde IT. The company won't be drawn on future funding plans, however, or on when it aims to move into profit. It is clear, however, about its ambition to look beyond the web and use whatever channels are available to reach new customers.

"The dotcom is not the important bit any more," says Cowan. "Our competence is in direct home delivery. We can get things from us to your door, and whether you want to shop over the Internet or digital TV, or mail order or telesales, we've now built an infrastructure that can do all of them."

The company's first move away from the web came with the launch of a mail-order catalogue, which was released in October. The catalogue, which features a 60-strong line-up of contemporary gardening gifts, is being distributed through inserts in a dozen consumer magazines this autumn. The titles include BBC Gardeners' World, Good Housekeeping and Your Garden, and there

will also be a direct mail campaign targeted at established direct mail subscribers through the Book Club Association and the Royal Mail. Almost 2 million catalogues will be distributed in total. On the interactive TV front, Greenfingers is going on Sky's Open home shopping Extra platform, and the company does not dismiss the possibility of opening Greenfingers bricks and mortar retail outlets one day.

Apart from providing Vodafone with a small amount of content for its vizzavi WAP/fixd line portal, however, Greenfingers is currently doing little to explore the mobile Internet as a distribution or marketing channel. "Everybody is experimenting, but nobody has a model yet which makes money on WAP" explains Cowan.

According to the results of an omnibus survey conducted by the market research company Ipsos over the summer the Greenfingers brand is second only to the BBC in awareness of internet gardening brands, and the company is working hard to raise its profile through a number of key affiliations. It has struck deals to provide the gardening content for several portals, most notably Freeserve, AOL UK and BT Internet.

Offline, the company designed and built the garden, and acted as the official gardening supplier, to Channel 5's Jailbreak, the first Big Brother clone to hit UK TV screens, which began in September. Without access to membership statistics or sales figures, it's impossible to know for sure whether everything in the Greenfingers.com garden is as rosy as it appears to be, but the company certainly seems to have a good management team in place and an appealing combination of content and commerce on its site.

With the b2c market in the doldrums and allegedly on most venture capitalists' blacklists, it's refreshing to find a b2c operation that seems to be working. And with one eye on the recent b2c backlash, Cowan offers an insight into why Greenfingers intends to succeed where other b2c online outfits have failed.

"A lot of b2c dotcoms were run by people who didn't have experience in managing business-to-consumer operations" he says. "They came straight from an MBA or they just had an idea. We believe that because we are a blue-chip management team in a large market space, with experience of running proper businesses, we will succeed."

### Data Panel

#### **Greenfingers.com at a glance**

- Conceived: Summer 1999
- Launched: April 2000
- Content: 150,000 pages
- Product Lines: 7,000
- Including plant species: 6,000
- Unique visitors target: 800,000 by April 2001

### Finding out more

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