**PLACE**

Where the consumer can access the goods/services: **Where** is it for sale? **How** does it get to the consumer?

**Channels of distribution** describe the various paths that goods may follow from producer to consumer

**Channel A: Producer → Wholesaler → Retailer → Consumer**

Wholesalers buy in large quantities from producers and sell in smaller quantities to retailers.

Retailers are outlets at the end of the chain of distribution that sell goods/services to consumers.

+ Distribution is simplified as wholesaler is responsible for ‘breaking bulk’

+ Costs reduced by selling to smaller numbers of wholesalers who, with retailers, are responsible for transport and storage costs.

+ Market reached is potentially very large

- Price becomes higher for consumer as there are profit mark-ups at each stage.

**Channel B: Producer → Retailer → Consumer**

Large retailers can bypass wholesalers and purchase from manufacturers at a discount.

+ Distribution is simplified

+ Costs are reduced by selling to a smaller number of large retailers

+ Mass market can potentially be reached by producerS

-Producer’s profitability can be lowered due to discounts expected

**Channel C: Producer → Consumer**

+ Profit is maximised

+ Easy to obtain valuable feedback

-All responsibility for sales lies with producer who may not have required time or skills.

**Factors to consider when choosing a Distribution Channel:**

* **Target market** – The price of the product affects the channel.
* **Location of Customers** - located in same area or spread out?
* **Product image** – will it affect the desired image? E.g. Chanel doesn’t sell in supermarkets.
* **Cost** – more stages means the more expensive the product will be.
* **Nature of the product** - bulky or heavy items, perishable and fragile goods might need to be directly distributed to consumers.

**PROMOTION** → all the efforts (excluding price) made by the seller to communicate and influence the target market to buy a product (new products or existing product that needs a sales boost.

1. Advertising
2. Sales Promotions
3. Public Relations
4. Direct Selling

**Advertising** → messages designed to inform, persuade or remind people to buy a product/service.

Functions of Advertising:

1. To provide information
2. To remind customers
3. To persuade customers
4. To increase sales
* Types of advertisements:
	+ Informative - specific information eg cars and computers
	+ Competitive - how one product measures against another
	+ Generic - industry - not brand specific
	+ Reminder - product is still around
* **Advertising media** → the communication channels available to a business for its advertising

1. Press (newspapers and magazines)
 +Can provide detailed information to consumers

 +Can be quite cheap

 Can reach a lot of people if target market is known

Pictures can be in colour

 -The advertisement will only be seen for one day (newspapers)

2. Television Advertising
 Aids interactive selling - pictures, movement, colours are appealing

Can reach a lot of people if target market is known

Adverts can demonstrate the product in use

Most expensive - costs depend on number of adverts and time of broadcast

People generally switch channels when adverts come on

Increase in use of online streaming

3. Radio Advertising
 Quite cheap

 Can reach a lot of people if target market is known

 Businesses are relying on sound

4. Posters/billboards
 Eye catching and inexpensive

Cheaper than TV advertising
 Long life span - on display 24 hours a day

Each billboard contains one advertisement - not completing with anything

else

5. The Internet
 Advertisements are seen globally

Cost effective - only have to pay when someone clicks on the ad

Social media is so popular and is free to create an account
 Aids interactive selling - pictures, sounds, movement

 Advertising materials can be copied

 People ignore advertisements

**How to choose an advertising medium?**

1. Media Habits – advertise when your target market will most likely see it
2. Nature of the Product – type of product
3. The Message
4. The Cost

**The Advertising Standards Authority for Ireland (ASAI)**
The ASAI aims to safeguard consumers from false, misleading and offensive advertisements.

It has no legal powers - makes recommendations.
Code of Advertising - be legal, decent, honest and truthful. Obey the rules of fair competition.

**Sales Promotions** → specific incentives offered to customers to attract their attention, increase sales and encourage customer loyalty

* Free samples - free trials removes the risk and fear of spending money on a product that consumers might not like.
* Money-off coupons - attracts budget conscious consumers and rewards loyal consumers
* Loyalty cards - collect points and trade them off the price of a product. Encourages consumers to purchase more and to continue to go back to that shop.
* Merchandising → point-of-sale promotional displays designed to attract attention to a product and increase sales. Impulse purchases are unplanned decisions to buy a particular product or brand.

**Public Relations** → communicating with the media using news stories to create good publicity for a firm or its products or to respond to negative publicity. Methods include:

* Sponsorship → where a company pays money towards the cost of a sporting or charitable cause.
* News conference - Contacting the press to attract attention
* Engaging with the community - helping the local community
* Paying celebrities to endorse a product

Why engage with Public Relations?

1. Attract publicity when launching new products - PR stunt
2. Target certain customers - sponsor certain events. Eg. Guinness Six Nations
3. Build an image that reflects well on the company - get involved with public services. Eg. Ronald McDonald house
4. Defending products/services from bad publicity - McDonalds and ‘Super Size Me’

**Direct Selling:**

1. **Personal** selling – contacting existing/potential customers in person to generate sales
2. **Telemarketing** –by telephone to generate sales & deal with customer queries/complaints.
3. **Direct Mail** – sending promotional messages to target customers by post, leafleting or email.

**Putting together a promotional campaign:**

1. **Plan**:
* Identify the target audience
* Set a budget
* Create a promotional message focusing on USP
* Choose appropriate medium based on target audience and budget
1. **Implement** – launch the plan and ensure there is sufficient stock and staff to deal with demand.
2. **Evaluate** – compare results with original objectives and identify causes for any unexpected failures or successes.

**Role of Ethics in Marketing Promotions:**

* **Consumer Protection Act 2007** → false advertising made illegal
* **National Consumer Agency** → can prosecute businesses who make false/misleading claims.
* **Advertising Standards Authority of Ireland (ASAI)** → operates a voluntary code of conduct, has no legal power but can request the removal of advertisements.

**PAGE 384/385 OF TEXTBOOK - EVALUATION OF PROMOTIONAL TECHNIQUES**

**PAGE 390/391 OF TEXTBOOK - EVALUATION OF THE MARKETING MIX**