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Promotion as part of the marketing mix and its application in enterprise activities

Abstract

Article presents the concept of marketing-mix in manufacturing companies. Under this idea, it is possible to specify at least four basic components: product, promotion, distribution and price. Each element could be taken into account to a greater or lesser degree in business operations, but it is always the essence of marketing. It is understood that in order to achieve a particular purpose companies have to use various combinations of tools and marketing activities to achieve maximum profit or sales. This article attempts to characteristics of the two companies marketing food products (case study). The study focuses attention on promotional activities and its importance in the field of marketing, for example, two companies Agros Nova and Frito-Lay.

Keywords: promotion, marketing-mix, food industry.

Introduction

In development of company promotion is an important part. It is sort of methods and activating sales techniques which presents company and its products on the market. It is not enough to only implement a product or service, but it is also important to inform about its existence, handling characteristics and quality to potential buyers and encourage them to buy. Companies must build an "information marketing", which mission is to inform, persuade, and encourage potential buyers to purchase the product and explain why product of this company is the best. Promotion program includes: advertising, packaging, sales promotion, public relations, publicity and personal selling. Preparation of this program include identifying customers, promotion of the objectives, preparation of forms of communication, the choice of communication channel and setting the promotional budget. The purpose of this article is to present promotional activities in enterprises Agros Nova, and Frito-Lay.

The essence of marketing

Marketing must be understood by the "management function, which is based on the organization and management of all activities involved in the assessment of customer needs and change of customer purchasing power - this concerns effective demand for a certain product or service and transfer of product or service to customer or user, which

lead to achieve profits and targets set by company or other organization"¹. This definition includes three important functions. The first - a management function within company. Second is the basis and provides a framework for all activities undertaken by the company. Third concerns the focus on customer needs as the starting point of the company's activities. Marketing is what the customer expects and then produce a product that meets those needs.

Currently, marketing efforts are based on knowledge of technology. Also requires knowledge of new sources of technology that can change the business environment, as well as its organization, opportunities, plans, and methods of doing business².

For product development, marketing strategy could be distinguished. Literature describes many definitions of this issue. It is generally understood as the "determination of basic long-term goals and conditions for development and allocation of resources necessary to achieve these goals" or "long-term-oriented setting treatment plans for the achievement of corporate goals." Each marketing strategy consist main assumption, namely: the target group. Group of people to whom company wants to reach and meet their needs. This group determines composition of the elements of marketing - these are the actions and activities that would affect effective implementation of the intended tasks³.

Figure 1 presents a five-step model of the marketing process. In the first four steps, companies work to understand consumers, create customer value and build strong customer relationship. In the find step, companies reap the rewards of creating superior customer value.



Figure 1. A simple model of the marketing process

Source: P. Kotler, G. Armstrong, V. Wong, J. Saunders: Principles of marketing. Fifth European Edition. Pearson Prentice Hall, Harlow 2008, s. 6-7.

By creating value for customers, they turn in value from consumers to the form of sales, profits and long-term customer equity.

¹ P. Kotler, K.L. Keller: Marketing. Rebis, Poznań 2012, s. 5.

² M. J. Thomas, Podręcznik marketingu. Wydawnictwo Naukowe PWN, Warszawa 1998, s. 9.

³ T. Kramer, Podstawy marketingu. PWE, Warszawa 1996, s. 8.

Promotion as part of the marketing mix

Some of the most important marketing concepts include marketing - mix. It specifies the layout of the budget forms the basis of a marketing plan and equips strategy marketing manager with techniques leading to optimize budget expenditures. Marketing – mix is a combination of tools, which enterprise uses to achieve the desired objectives in the target market⁴.

In marketing literature the most common structure is a composition marketing tools developed by J.E. McCarthy called "4P", a part of which consists of the following elements: product, price, promotion and distribution channels⁵. These tools cannot work individually, in isolation from each other. Their performance is complemented by the actions of others (this is inextricably system). Therefore, it was decided to add the name of "marketing" second part - "mix", which is intended to symbolize the consistency of these elements⁶.

The marketing - mix term was introduced in 1964 by N. Borden, which in Polish means the marketing mixture. He singled out as many as twelve instruments which five years later, McCarthy was limited by the four mentioned above⁷.

Marketing mix instruments creates a definite system and because of the existing mutual relationships, relationships, must always be considered together. If promotion policy will not properly synchronized with the other elements of the strategy, then even the best-designed promotion policy will not bring the expected results, but only increase the company's costs. Promote appropriate interaction with other marketing tools, is that which reflects the values of promotional product, its package, price and appearance by making the possibility for attractive presentation of wholesale and retail products⁸.

One of the elements of marketing - mix is promotion. The most important are those forms of promotion, which provide direct or indirect contact with the specific clients. Connection between promotion and product also apply to its component parts, mainly: name, quality, packaging, shape, color and logo⁹.

Product life cycle has a very large impact on promotion. Depending on, in which phase of the cycle is the product. Promotion is sufficiently differentiated and increased its intensity. Strong intensity of promotional activities is particularly evident in the initial phase – launch to the market. In this case by promotion enterprise wants to inform about its products as many consumers as possible, particularly those referred to

⁴ L. Garbarski, I. Rutkowski, W. Wrzosek: Marketing. Punkt zwrotny nowoczesnej firmy. PWE, Warszawa 1996, s. 51-52.

⁵ J. Altkorn: Podstawy marketingu. Wydaw. Instytut Marketingu, Kraków 2003, s. 11.

⁶ S. Hollensen, Global marketing. A decision – oriented approach. Pearson Prentice Hall, Harlow 2011, s. 7.

⁷ B. Żurawik, Zarządzanie marketingiem w przedsiębiorstwie. PWE, Warszawa 1996, s. 9.

⁸ S. Ślusarczyk, Marketing. Oficyna Wydawnicza Politechniki Rzeszowskiej, Rzeszów 1995, s. 21-22.

⁹ J. Kall, Promocja sprzedaży. Czyli jak sprzedać więcej. Wydawnictwo Business Press Ltd., Warszawa 1995, s. 12-13.

so called – the first followers. The next two phases, the phase of growth and maturity is characterized by a relatively lower intensity of promotional activities, since the product came already on the market, has won the favor of consumers and does not need a large – scale promotion. Re-growth of promotion may be observed in the decrease phase when product should be recalled to consumers, which enterprise is not able to upgrade or replaced¹⁰.

An important element of the marketing mix with which promotion must be closely connected is the price. The purpose of promotion is to show in the most favorable light price offer to help consumers overcome the price barriers¹¹. The company may use one of two main strategies: the strategy of high prices and penetration rates¹².

High prices can be used for high-quality products, referred to luxury or elite. In this case, conducted promotional activities should emphasize the uniqueness of the product, its uniqueness and illustrates to potential buyers that acquisition of this product involves reaching some sort of prestige. However, penetration rates strategy is to reduce product prices relative to the prices of competitors. Promotional activities should give the impression that the product is for everyone¹³.

Connection between promotion and distribution policy in large extent depends on whether the company has a strategy of "push" or the strategy of "pull". Promotion policy may be addressed directly to the customer or intermediary. In "push" strategy manufacturer use the sales staff and promotional activities, directing them to the agents, in order to induce them to order the product and promote it among end users. The purpose of promotion is "pushing" the product through the channel of distribution. Strategy of "push" is used mainly to consumer goods, not too different in terms of price and quality. However, the strategy "pull" (suction) is creating demand for the company's product through promotional activities directed to the final purchaser. In this way, the user is stimulated interest in the product, which in turn urges the retailers and wholesalers to buy this product. Strategy of "pull" is used most often for brand-name products.

Promotion of Agros Nova enterprise

In marketing - mix an important part is promotion. Its aim is to achieve an immediate impact on sales of the product. In next part of article promotional campaign "no added sugar" of Agros Nova is presented. Campaign was an answer to the needs of healthy lifestyle consumers.

¹⁰ T. Sztucki, Marketing. Sposób myślenia. System działania. Agencja Wydawnicza Placet, Warszawa 1996, s. 47.

¹¹ M. Burk, Essential Guide to marketing planning. Pearson Prentice Hall, Harlow 2010, s. 24.

¹² B. Dobięgała-Korona, Kompozycja promocji. CIM, Warszawa 1997, s. 34.

¹³ A. Wiśniewski, Marketing. Istota techniki. CIM, Warszawa 1996, s. 29.

Agros Nova is a company that relies on its promotion on pro-health trend, which follows directly from the needs of a healthy lifestyle among consumers. At the end of 2008, Agros Nova, as the first company in the industry SNNN (juices, nectars, still drinks) proposed an innovative concept based on advertising campaign meant "no added sugar". This pioneering thinking which moved the minds of millions of Poles very effectively, introduced a brand Fortuna.

In Poland, healthy diet trend has become a lifestyle for some young people. These people follow the path of popular items and are ready to replace unhealthy food on the salad, if it is trendy. Healthy diet was once synonymous with luxury, now more and more people are able and willing to afford it. It is possible that such a lifestyle is dictated by the need to preserve the beauty and youth as long as possible. Definitely has an impact on increasing awareness and education of people about the benefits of healthy diet for them. Many brands used such thinking in their advertising campaigns. Product communication is to highlight the "healthy side" of the product.

For Agros Nova healthy lifestyle meant a complete change in the product range. The new strategy was to manufacture 16 flavors of 100% juice with no added sugar and sweeteners. The introduction of a new portfolio of Fortune was also accompanied by a broad educational and advertising campaign.

The advertising campaign included television spots, issued at the beginning to information and education, later to re – education. Three different stories, whose common denominator was a "lack of sugar in the juice", took place in the home, at the park, and the latest in the store, because the ultimate consumer purchase decisions take on a shelf, so it is important to realize where customers should pay special attention. Relatively spots were broadcast at regular intervals for a period of three years at the most popular TV stations such as: TVP1, TVP2, TVN, Polsat, TV4, TVN 7, TVP 3, and AtMedia thematic channels. Choosing such channels is aimed at reaching the widest possible audience.

Another promotional activity was the Fortuna sponsoring campaign at TVN and Polsat. Short pro – healthy commercials promoting various 100% juice flavors were issued immediately before and after programs such as Good Morning TVN, Julia and Must Be The Music.

In order to meet consumers, Fortuna helped customers to find new products on the store shelves by creating a special form of POS terminals. In selected stores there were so called "Sugar-free zone" – clearly marked shelves where customers could find a wide selection of juices and in addition some educational leaflet.

Agros Nova its innovative products, which are 100% juice also promoted by the international program "I know what I choose." Program was a response to an appeal by manufacturers of the World Health Organization about adapting recipes of food products to the recommendations of nutritionists and consumer awareness related to health beneficial nutritional choices. With this promotional campaign Agros Nova showed up

on the "friend of health", occurred in the consciousness of the world as a brand that cares about healthy lifestyle.

Agros Nova summing advertisement of Fortuna juices "no added sugar" stated that the company gained on this promotion because it is thanks to the advertising, fruit juice market for the first time in several years, increased in 2009¹⁴. Data on which the statement is based – Nielsen study which claims a 16.5% volume and 16% increase in the market value of juices. In previous years, Fortuna was the third brand in the juice market in terms of shares, as well as advertising investment. Expenses fortunes of its advertising campaigns, was best given money in the company's history. Despite the fact that from the start of the campaign in 2008, within four months, Agros Nova has spent on media two times less than the competition, market share for the brand in the category of Fortuna juices increased almost three times, by 10 percentage points.

In addition to the advantages gained by increase in market share after Fortuna brand campaign "non – sugar" it won first prize in the "Marketers 2009" as the best and most successful brand in Poland. It has been recognized for its positive impact on consumers. Fortuna by promoting related to healthy eating, positive associations aroused and trust. Brand in the eyes of consumers has become friendly to their health, meet their expectations and needs. Agros Nova, seeing the positive response that gave the promotion of "no added sugar" is planning its activities related to a healthy lifestyle.

Seeing the tangible benefits that the new strategy has brought both Fortune, as well as the entire juice category, a trace of Agros-Nova followed not only direct competitors, but also those in other food categories. Non – sugar trend, with current fashion healthy lifestyle has become the standard expected by consumers. Agros Nova example shows how a low cost and an attitude of "pro client" can gain a leading position in which others will take an example. Promotional activities were not different from the competitors, it was hard to get a winning position in the division of shares in the market. The company had to invest in upgrading the product to meet the consumers. Managed to increase profits and in addition to market share gain the trust of the people and the target audience. Fortuna has also become an example for other companies in the juice industry, how to work with the needs of consumers.

Promotional activities of Lay's brand

Another example of campaign which well-used elements of the marketing mix and the current trends is Lay's advertising campaign. Make the most of the wisdom of crowds? This question coped very well Lay's brand chips conducting an advertising campaign in 2011, entitled "Imagine a new flavor of Lay's". The person recognized this marketing initiative was actor Paweł Wilczak, who encouraged to creative thinking. Semifinalist had provided 10,000 zł, while the winner of the contest 1% from the sale of its flavor crisps, but not less than 50,000 zł. The participant had to come up with the taste and name. To the final entered only 4 flavors: Kabanostrrre, Htipiti, Niezłe Ziółko and Krewetki po Tajsku. Consumers voted for the winner. It is a very good example of the

¹⁴ Źródło: Raport firmy Nielsen dotyczący I półrocza 2009 r. badanie rynku SNNN.

use of consumer creativity through the Lay's brand to enter the consciousness of the customer for a very long time, to strengthen its position and pose themselves in an easy and attractive way to many devotees. In the first stage of the campaign was reported to 714 000 entries, and the brand Lay's reported record growth in market share since 2007. It is a sensation on the Polish market, because rarely are the proposals from companies to create interaction with the consumer, even on the so prosaic ground as marketing activities. This is a very good step in advertising, on the grounds that people are tired of the traditional marketing message. What is more, according to research as much as 67% of Poles have a negative attitude towards advertising. This is a very large percentage of the market and the problem. That makes a big problem with obtaining potential client. In addition to an innovative approach to marketing, it is worth noting the exemplary transfer regulations, rules and other information. In the form of videos on Youtube.com with Paweł Wilczak face were given all the information. There were no paragraphs, links, or hidden in small print subscriptions. The return of the advertising market is a good direction for the development, because it is used for personalized podcasts and the mechanism of viral marketing. In addition, at such a difficult advertising market with reluctant buyers this is a real success. Effective promotion and interaction with customer, using of people potential makes sales results very good. In this case all elements of marketing-mix worked more than well. Accordingly adjusted promotion strategy, select people to carry it out, hit the target group, and the ability to seamlessly purchase by the consumer in terms of space or money and many other elements worked very efficiently and effective. Efficient use of communication to reach the Consumer 2.0 is really great art. 2.0 consumer is a dissatisfied, mobile, all-knowing and has the final say, what is important is the "multi-channel". This means that customers are not faceless crowd, with no thought for brands, companies, products. They are not afraid to report the complaint and fight for their consumer rights. Check the product and opinions on how to use not only their friends, but on websites, forums and social networking sites. Not close to the information coming from a single source. The alleged information, offers and advertisements from various companies they are looking for alternatives that will be more personalized. They check companies and choose those that care about the customer, get their needs and not treat objectively as a source of income. They have more opportunities to contact - phone, e-mail, social networking, applications, etc. The consumer becomes a prosumer. Lay's brand by creating its promotional campaign effectively used the potential of 2.0 consumers. Spots by its own dynamics and famous actor with humorous text were very memorable.

After watching the spot prosumer is convinced that Mr. Paul Wilczak said directly to him and that he is the one who can influence the new kind of assortment in the store and at the same time gain a specific and valuable reward for him – share in the sales of the product invented by himself. His product is advertised in the media, so it suddenly becomes a star. Is recognized and treated as the causative agent of the marketing confusion. Choice of flavor remains in the customer's belief that his sentence is the most important. Networking makes a valued and happy customer for company with a good reputation and profits. This direction should be taken by other companies, which are based on the present treatment of the client.

In the era of bridging advertising, which is becoming more and more annoying, it should be noted long ago a change in the direction of personalized communication and networking relationships. Marketing relationship in the era of social media is the key, but this type of campaign is a sensation, awarded the Grand Prix of the sixth edition of the Golden Arrow. Lay's was awarded in 2011 for "Campaigns integrated business-to-consumer (B2C)." The authors of the campaign were rewarded for its strategy, high efficiency and creativity. You can see that there is a need in the advertising market in Poland for such projects. It should be noted that in the first step has been to 714 000 requests new flavors chips. Lay's brand acquired in 2011, 51.5% of market share was the largest increase in market share since 2007. For every 100 Poles as many as 63 spontaneously mentioned the Lay's as the first among the brands of potato chips¹⁵, which also is the best in this category.

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¹⁵ Badanie rozpoznawalności marek przekąsek słonych, Millward Brown, 2011

Summary and conclusion

In summary, the coordination of activities in the marketing mix is a very big challenge, but also a responsibility. The company should sometimes look at the market the other categories. Instead of standard products should make use of the unique ideas and try to create new innovative products and solutions. As shown in the examples of companies Agros Nova and Lay's ordinary people have become actors who stood out in their activity, creativity and willingness to change. With a unique approach promotion gained another size and consumers were involved in its creation. Customized promotion is the key to the success of any business. Other companies should follow the lead of companies such as Agros Nova and Lay's in the future to gain competitive advantage through the proper use of the marketing mix elements.

Streszczenie

W artykule zaprezentowano koncepcję marketingu-mix w działalności przedsiębiorstw produkcyjnych. W ramach tej idei można wyszczególnić, co najmniej cztery podstawowe składniki: produkt, promocję, dystrybucję oraz cenę. Każdy element może być brany pod uwagę w większym lub mniejszym stopniu podczas działalności gospodarczej przedsiębiorstwa, ale zawsze stanowi istotę marketingu. Dla osiągnięcia określonego celu firmy, stosować należy różne kombinacje narzędzi i działań marketingowych zmierzających do osiągnięcia maksymalnego zysku czy sprzedaży. W artykule podjęto próbę charakterystyki działań marketingowych dwóch firm spożywczych (case study). W pracy skupiono uwagę na działalności promocyjnej i jej znaczeniu w sferze marketingu, na przykładzie przedsiębiorstw Agros Nova oraz Frito-Lay.

Słowa kluczowe: promocja, marketing-mix, przedsiębiorstwa spożywcze.

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