

Promotion: Below the line promotion

What is below the line promotion?

Below the line promotion (BTL) refers to any promotion that is not carried out in the mass media. Generally, below the line promotion has fewer costs, so may be more attractive to smaller businesses. The main areas of below the line promotion are:

- direct marketing
- sales promotion
- loyalty cards
- after-sales service
- public relations
- merchandising
- exhibitions and trade fairs

Direct marketing

Direct marketing involves targeted marketing messages sent to a customer's email address, phone or home. This type of promotion has become more sophisticated in recent years. User tracking on websites generates large amounts of data about potential customers, who can then be targeted with promotions while browsing the internet.

You may have experienced this type of promotion, for example if an advertisement for a product you are interested in, or have viewed in the past, mysteriously appears on a website that you visit. You may also receive emails for products based on your browsing history. Technology allows all this to be done at a very low cost. The drawback, however, is that many customers find this kind of promotion intrusive and may reject the offer.



Figure 1. Direct marketing involves sending messages directly to a customer.

Credit: Prostock-Studio, Getty Images

Sales promotion

A sales promotion covers all the special offers you might see in a store. Examples include:

- buy one, get one free
- 20% off
- half price offers
- free samples
- competitions
- point-of-sale displays

The most likely place you will find this type of promotion is in supermarkets. A sales promotion can be a very effective way of attracting price-sensitive consumers and boosting short-term sales. Supermarkets know this, and as a result may charge producers for the goods to be displayed in prime locations, so their promotions can be seen.

Exam tip

Remember that an increase in sales will not necessarily mean an increase in profit. When promotional actions are taken, they always cost something. The business will be able to make a profit only if sales revenue is greater than costs of production.

Loyalty cards

Loyalty cards offer customers rewards for continuing to shop at the same business. They are a key source of revenue for many businesses. Loyal customers are less price sensitive and may return to a business for many years. Airlines, for example, encourage loyalty by allowing customers to earn 'air miles', which can be turned into free flights or upgrades. Many retailers run points schemes. As customers shop, they earn points that in turn can be used to pay for future purchases.

Case study

Star Alliance

Star Alliance is a strategic alliance between a group of the world's top aviation companies as well as some smaller regional airlines. The alliance offers easy connections to a large number of destinations, along with a frequent flyer program that rewards loyalty. While the cultural diversity of the members of the alliance is respected, at the same time all members respect the same high standards in safety and customer services.

Star Alliance customers enjoy several privileges and benefits, such as priority in the check in process, airport lounge access, priority in boarding and extra baggage allowance. In addition, these customers can save air miles, which they can use to buy or upgrade flights.

Questions

1. Outline one benefit for the airlines that are part of the Star Alliance reward scheme. [1 mark]
2. Explain why the loyalty card program such as the one offered by Star Alliance can be considered a BTL promotional strategy. [2 marks]

After-sales service

A customer relationship does not end with the purchase of a product. Businesses can increase customer satisfaction by offering services such as free home delivery, installations, warranties, advice and repairs. These services achieve two aims. Firstly, if customers value them, they will be willing to pay more for the product. The selling price can be increased. Secondly, the business can help fix any problem that arises. This should support the business's reputation with customers.



Figure 2. Businesses can add value to a product by offering after-sales services to customers.

Credit: Moyo Studio, Getty Images

Public relations

Businesses will want to improve their image by managing their public relations. This may include supporting charitable causes and maintaining good links with the local community. For example, local businesses may support a school's work experience programme or allow the school to conduct visits for its classes.

In addition, the company needs to protect its reputation when handling a crisis. In such situations, it will aim to maintain a proactive and transparent approach. Frequent communication with interested parties is crucial during these times because negative

coverage in the media can be detrimental to both sales and share prices. For example, Peloton's sales have fallen dramatically during 2022 since its running machines failed, causing almost forty accidents.

Merchandising

Merchandising refers to the branded items that businesses produce to create more brand awareness. Common items include:

- pens
- headed paper
- hats
- t-shirts
- key rings

If you attend a university fair, for example, you will receive information about the university and why you should apply there. You may also be given some of the items above to make sure the university sticks in your mind.



Figure 3. Businesses may give away branded items at trade fairs. This is known as merchandising.

Credit: Hoda Badawy, Getty Images

Exhibitions and trade fairs

Exhibitions and trade fairs are excellent places to see many business products all in one place. These may be businesses that are not otherwise found close to each other, which makes it considerably easier for the consumer to investigate products. For example, it is common for caravan and holiday trailer businesses to attend trade fairs. This way, customers can inspect these expensive items at their leisure, and compare the products they like with ease.

Evaluation of below the line promotional strategies

Table 1 outlines some of the benefits and limitations of below the line promotion methods.

Table 1. Benefits and limitations of below the line promotion methods.

Method	Benefits	Limitations	Example
Direct marketing	Written text allows large amounts of information to be communicated.	Not read. Many people will not even see the messages because they have ‘spam’ filters.	Local fast-food takeaways; political campaigns; websites that track their users’ purchases.
Sales promotion	High impact. As customers are targeted at the point of sales, this can have a high impact on customer sales.	Same strategy. The message may be lost if rivals have similar offers.	Fast-moving consumer goods; companies that wish to sell old stock.
Loyalty cards	Store of customer information. Data on customer spending habits can be gathered.	Lower profit margin/price. The discounts offered by the schemes cut gross profit on each purchase.	Consumer retailers in mature markets.

Method	Benefits	Limitations	Example
After-sales service	Increase in customer satisfaction. This could lead to greater loyalty.	Increase in costs. Additional employees will be needed to provide the after-sales service.	Technical products such as cars and computer systems.
Public relations	Improvement in brand reputation. This is achieved through positive actions.	The need for training. Employee training is required for crisis management skills and keeping positive community relations.	Large companies that produce polluting or harmful goods such as petrol and tobacco.
Merchandising	Wider awareness. Products gain more audience attention when merchandise is used.	Increase in costs. It is costly to produce and may not guarantee additional sales.	Universities; businesses looking to gain recognition for their name.
Exhibitions and trade fairs	Potential customers. There are many potential customers in one place.	Several competitors. Many rivals will also be in attendance.	Wedding fairs; Caravan businesses.

