

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Promotion**

Djaslim Oesman Saladin and Yevis Marty (2002:p. 123) say that promotion is a communication between seller and buyer that aims to change attitudes and behavior of buyers, who previously did not know became familiar and recall these products. Buchari Alma (2006:p. 179) says that Promotion is a kind of communication which gives explanations and convince potential consumers of the goods and services in order to gain attention, educate, remind and convince potential customers.

According to Tjiptono Fandy (2008:p.219) Promotion is one of the factors determining the success of a marketing program to provide information about the existence of a product. Kotler and Armstrong (2001:p.68) say that the promotions are activities that communicate the benefits of a product and persuade target customers to buy it. According to Swastha (2000:p. 222) Promotions viewed as the flow of information or persuasion one direction are made to influence a person or organization to act that created the exchange in marketing. Thus, the promotions of a company's efforts to create awareness, inform, persuade and influence consumers to buy the products offered by the company.

From the theories mentioned above it can be seen that all the experts almost had the same idea that the promotion of communication and delivery of messages is done either by companies or intermediaries with the purpose of providing information about the product, price and place and to persuade and influence consumers to buy the products offered by the company.

### 2.1.1 Purposes of Promotion

Lamb, Hair, McDaniel (2001:p.157) say that the purposes of the promotion are providing information (informing), Persuade targeted customers (persuasive), Remind (reminding)

First, providing information (informing) that include increasing awareness of new products, classes of products, or product attributes, how the product works, suggest a new use of a product and building the image of a company. Second, Persuade targeted customers (persuasive), that include encouraging a brand switching, changing customer perception of a product attributes, influencing customers to buy the product now and seducing customers to come. Third, Remind (reminding) consists of remind consumers that the product may be required in the future, remind consumers where to buy the product, maintain awareness of consumers.

While Shimp (2000: 7) says that promotion has five very important functions for a company/ institutions. The five functions described as follows:

1. Informing (Provide information): Promotion make consumers aware of the new products, educate them about various features and benefits brand, as well as to create the good image of a company that produce products or services.
2. Persuading (Coax) Media promotion or a good advertisement will be able to persuade customers to try products and services that offered. Sometimes persuasion affects the request primary, which creates demand for a whole product category.
3. Reminding (Reminds) Ad keep the corporate brand remains fresh in the memory of consumers. When the need appears that related to the products and services advertised, the impact promotion in the past allows the brand advertisers present in the minds of consumers.
4. Adding Value (add value) There are three fundamental way which the company can add the value for the product or service that they offered. Innovation, improvement of quality,

or change the consumer perception are the three components added value that really independent. The effective promotion cause brand is seen more elegant, more stylish, more prestigious, and can be superior to offer of competitors.

5. Assisting (Accompanying the other efforts of the company) Advertising is one of promotional tool. Promotion helps sales representative. Advertising oversee the process of sales company's products and provide the introduction of value for sales force before making a personal contact with the customer prospective. The effort, time, and advertising costs can be saved because less time required giving information.

From the explanations above, the writer concluded that the purposes of promotion are providing information (informing), Persuade targeted customers (persuasive), Remind (reminding) while Shimp gives more complex explanation, they are Informing (Provide information), Persuading (Coax), Reminding(Reminds), Adding Value (add value), Assisting (Accompanying the other efforts of the company).

### **2.1.2 Types of Promotion Activities**

There are five types of promotion activities, according to Kotler (2001:p. 98-100):

1. Advertising

Non-personal form of promotion using various media aimed to stimulate the purchase. Advertising offer a product to the consumer by way of the reasons that buying.

2. Personal Selling

Form of personal promotion with oral presentations in a conversation with a prospective buyer who intended to stimulate the purchase or activity to promote a product with a way to go to where

the consumer is located, by a salesman salesperson. With the direct contact between the salespeople and consumers, then there was a two-way communication.

### 3. Publicity

Forms regarding non-personal promotion, service or specific business entity by way of review the information and news about the general scientific and or an attempt to stimulate demand from a non personal product commercial. Of these products in the print and electronic media, as well as the interviews featured in the media. This is very good way to introduce your company or products, since publicity can reach potential buyers who cannot be achieved with advertisements and personal selling.

### 4. Sales Promotion

The third form of promotion outside of the above forms intended to stimulate the purchase. Sales promotion offers a product by providing a fillip in order to buy. These stimulants can be money, goods or other additional services that are usually not included with the product.

### 5. Direct Marketing (Direct Marketing) which is a form of individual sales are directly aimed at influencing consumer purchases.

## **2.1.3 Advantages and Disadvantages of Advertising or Media Promotion**

According to Kotler (2005: 289) states that media planning must know the ability of the types of major media to produce the reach, frequency and impact. Each media has advantages and disadvantages.

### The type of Media Promotion

Media	Advantages	Disadvantages
Television	Combining images, sound and movement. Stimulate the senses. High attention or high range.	High absolute cost, high Chaos, moving flash exposure, and the selection of the audience less
Radio	Geographic and demographic selection, low cost, Radio be flexible. Advertisements can be aired almost anytime they want and just need a short beginning attention.	Only the sound presentation, attention is lower than television, structure prices are not standard, Radio simply a medium to be heard, and the audience cannot see then product being advertised.
Internet	Fast deployment, broad scope, Flexible, Selection of high audience, interactive possibilities and relatively low cost	Media are relatively new to the low number of users in several countries and cannot be serviced directly
Newspaper	Flexibility, wide acceptance, the confidence level is high, the ad exposure is not limited, and the reader can go back to your message again and again if desired.	Advertising space can be expensive, bad reproduction quality, the newspaper is a media-oriented pricing, most advertisements for the sale, the newspaper generally read once and then discarded,

		and the newspaper is highly visible and so that your competitors can react quickly.
Magazine	Selection of high geographic and demographic, credibility and prestige, high quality reproduction, and better paper quality. This enables the re- production of better color and more colorful advertisements.	Planning a long ad purchase, partly circulation in vain, there is no guarantee the position and space costs and higher advertising layout.
Outdoor Billboard	Flexibility, repetition high exposure, low cost, and low competition	Selection of a limited audience and limited creativity
Yellow Pages	Very good local coverage, the confidence level is high, wide range and low cost	High competition, long ad purchase planning, and creativity is limited
Newsletters	Selection of the audience is very high, fully controlled, interactive opportunities, and relative costs	Costs can be lost in vain
Brochure	Flexibility, can dramatize the message, the specific information provided, directly aimed at the personal, low cost, power can be powerful stimuli and can last depends on the displayed visual appeal	Tend to be ignored if the contents are not interesting or not related needs, determined messages room / limited by the ability of costs, and excessive

			production can lead to lost cost vain
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## 2.2Strategy

Rangkuti (2001:p. 13) says that Strategy is a tool to achieve its goals in relation to the long-term goal, the follow-up program, and the priority allocation of resources. Meanwhile, according to Kotler (2000:p. 91), the strategy is a game plan to achieve the desired goal of a business unit.

According to Swastha and Irawan (2008:p. 349), promotion is information flow in one direction or persuasion made to direct a person or organization to act created the exchange in marketing. Sigit (2007: 101) says that promotion is the activities of a company designed to inform, persuade, or remind others of the company concerned with the goods and services offered by it".

Promotion strategies according to Moekijat (2000:p. 443) strategy is the promotion of the company's activities to encourage sales by directing communications are assured to the buyer. Meanwhile, according to Lamb, Hair, McDaniel (2001:p. 146) strategy is a plan for the promotion of optimal use of elements of the promotion: advertising, public relations, personal selling and sales promotion.

From the explanation above, all experts almost had the same idea that the promotional strategy is a planned activity with the intent of persuading, inducing consumers to want to buy the products of companies that aim to increase sales expected to be achieved.

### 2.2.1 Variables of Promotion Strategy

In marketing promotion, there are several strategies that can be implemented by the company. This activity is variables of promotion strategy called the promotion mix.

According to Lamb, Hair, McDaniel (2001:p. 147), "promotion mix is a combination of promotional tools including advertising, public relations, and sales promotion that are used to reach the target market and meet the objectives of the organization as a whole".

According to Kotler & Armstrong (2002:-p. 656) variables that exist in the promotional mix are five, namely:

1. Advertising

All costs to be incurred sponsor to donon-personal presentation and promotion in the form of ideas, goods orservices.

2. Personal Selling

Personal presentation by the company in order to succeed salesman sales andbuild customerrelationships.

3. Sales promotion

Short-term incentives to encourage the purchase or sale of a product or service.

4. Public relations

Building a good relationship with the relevant public for support, build "corporate image" good and handle or get rid of rumors, stories and events that can be detrimental.

5. Direct marketing

Direct communication with customers that were targeted specifically to obtainanimmediate response.



## 1. Advertising as a Promotion Strategy

Lupioyadi (2001:p. 108) says that advertising is one of impersonal communication used by the company either goods or services. According to Lamb, Hair, McDaniel (2001:p. 147) states that advertising is not private communications, one-way about a product or organization that paid by a marketer.

While the role of advertising in marketing a product or service is to build awareness of the existence of services offered, to increase consumer knowledge about the services offered, to persuade potential consumers to buy or use such services, and to differentiate themselves one company with another company (differentiate the service) that supports positioning services.

While the properties of the advertisement is as follows:

- Public Presentation: Advertising allows everyone receives the same message about the product being advertised.
- Pervasiveness: The same advertising message can be repeated to establish reception information.
- Amplified Expressiveness: Advertising was able to dramatize the company and its products through images and sounds to inspire and influence the feelings of the audience.
- Impersonality: advertising not coercive audience to pay attention and respond, because it is a monologue communication (one-way).

Advertising usually made alone or in cooperation with existing advertising agency. Cooperation with advertising agencies already established very helpful, especially in making the creative process and presentation in the electronic media to determine the positioning of our products. Advertisement made must be able to attract consumers to buy products that listen through that advertisement

So, good advertising is that reaches people who can and will buy what should be sold, with the lowest possible cost. Advertisement gives logically the most important thing and that these advertisements are not a clever advertisement for the benefit of ingenuity.

The purposes of advertising are:

1. Advertising as a providing information is advertising that exhaustively describe the product services in the pilot phase (introduction) to create demand for the product. For example, a newly established Islamic Bank explained through advertising adversarial what and how the operating system services and products offered by Islamic Bank.

2. Advertising as to persuade is advertising that is important in the competitive situation, in which the target company is creating a demand that will selectively specific brands. For example Takaful Insurance companies advertise advantages compared to conventional insurance products.

3. Advertising as reminders is important in the maturity stage of a product to ensure that consumers will always remember the product. For example, the airline companies Garuda Indonesia remind the public that Garuda is now better even in the age established.

4. Advertising stabilization, which is trying to convince buyers that they have taken the right choice? E.g. educational institutions NurulFikri publishes that 80% of students accepted in various leading public universities. Thus further solidify choice of high school students to choose a tutoring them.

While the media which can be used to do advertising, among others, through Brochure, Newspapers, Internet/ Website, Magazine, Radio, Television, Billboard, Direct Mail and etc.

Advertising can be classified based on various aspects, including aspects of the message, the purpose and the owner of the advertising.

1. from the aspect of the message content

- Product advertising, is advertising that contains information about the product (goods and services) of a company.

- Institutional advertising, namely advertising that is designed to provide information about the business owner advertising and build goodwill and positive image for the organization.

2. from the aspect of purpose

- Pioneering advertising (advertising information), the ad seeks to create initial demand (primary demand).

-Competitive Advertising (persuasive advertising), namely advertising that seeks to develop options on a particular brand. There is a form of advertising that is blatantly demonstrate the advantages of specific brand products than any other brand product called comparative advertising.

-Reminder Advertising, ie advertising that seeks to embed a specific product or brand name in the minds of audiences. Reinforcement advertising is a form of advertising that is convincing reminder or solidify option buyer.

3. from the aspect of advertisers

- Vertical cooperative advertising, ie advertising with members of the distribution channel, for example the manufacturers, wholesalers, agents and retailers.

-Horizontal Cooperative advertising, i.e. joint advertising of several similar companies.

## **2. Sales Promotion Strategy**

Lupiyoadi (2001: 109) states that sales promotion is all the activities that are intended to improve the flow of goods or services from the manufacturer to the sales end. Point of sales promotion consists of brochures, information sheets, and others. Sales promotion aiming to stimulate rapid response buyers (buying quick response) which, among others, race, awarding the prize, the combination offers, coupons, and discounts for consumers.

The attractiveness of the subject of consumer promotion is a desire to bargain or to get something for free. That this is closely related to various types of trade promotions like free stuff, wages (allowances), and the special pieces that aim to influence resale cooperation (cooperation reseller).

Through a sales promotion, the company can attract new customers, influencing customers to try new products, encouraging customers more, attacking competitor promotional activity, increase impulse buying (purchasing without a previous plan), or to seek closer cooperation with retailers. In general, the purpose of sales promotion are Increasing demand from industrial users and / or the final consumer, Improve the performance of the company, and Support and coordinate activities of personal selling and advertising.

Properties of sales promotion are:

- a. Communications; able to attract attention and provide information that introduces customers to the product.
- b. Incentive; providing privileges and stimulation of value to the customer.
- c. Invitations; invites audiences to buy on the spot.

Based on the objectives to be achieved, sales promotion can be classified into four types, namely:

- a. Customer promotion sales aimed at encouraging customers to buy.
- b. Trade promotion, namely sales promotion aimed at encouraging wholesalers, retailers, exporters, and importers to trade in goods and services from sponsors.
- c. Sales - force promotion, namely sales promotion aims to motivate sellers' fleet.
- d. Business promotion, the promotion of sales to acquire new customers, maintain contact with customers, introduce new products, sell more to existing customers and educate customers.

### **3. Direct Marketing Promotion Strategies**

According to Moekijat (2000: 123) Direct selling is exceeded sales in which businessmen and merchants to sell their products directly to retail traders, or can be interpreted too broadly as direct sales by producers to consumers".

In direct marketing, promotional communications addressed directly to individual consumers, with the aim that the messages addressed the consumer is concerned, either by phone, mail or to come directly to marketers. This technique evolved in response to downsizing market, where more and more niche market as well as the needs of a very individual choice. On the one hand, with the development of transportation and communication facilitate contacts and dealings with the market, where the company is relatively easy to come to a prospect or contact via telephone or mail.

### **4. Publicity**

According to Lamb, Hair, McDaniel (2001: 149) publicity is the public information about a company, goods or services that appear in the media as a new kind. Publicity is the utilization of news values contained in a product to form the image of the product concerned. Compared to advertising, publicity

has better credibility, because justification (either directly or indirectly) performed by anyone other than the owner of the advertising. In addition, because of the publicity included in the news or newspaper article, tabloids, magazines, radio and television, the audience does not see it as a communication campaign. Publicity can provide more information and more detailed than advertising. However, because there is no relationship agreement between the beneficiary and the presenter, then the beneficiary cannot be set when the publicity it will be presented or how publicity is presented. Therefore, now the publicity usually a part of the public relations department of the company.

### **5. Personal Selling**

Personal selling has an important role in the marketing of products / services, because the personal interaction between service providers and consumers is very important, the services provided by people not by machines, and people are part of the product and services.

The nature of personal selling can be said to be more flexible because the salesperson can directly adjust sales offers with the needs and behaviors of each prospective buyer. In addition, the salesperson can immediately know the reaction of potential buyers to offer for sale, so that adjustments can be held in place at that time. As for the sale of personal traits are:

- Personal confrontation, namely the existence of a living relationship, a direct and interactive between two or more people.
- Cultivation, is properties that allow the development of all kinds of relationships, ranging from just a buying and selling relationship to a more intimate relationship.
- Response, which is a situation that seems to require customers to listen, pay attention and respond.

**Personal selling activity has several functions:**

-Prospecting which is looking for a buyer, and establish a relationship with them.

-Targeting namely the scarcity of time to allocate the seller for the sake of buyers.

-Communicating which gives information about the product to the customer.

-Selling, is approaching, presenting and demonstrating, overcoming rejection, and sells products to customers.

- Servicing, which provides a variety of services and service to customers.

-Information Gathering, this conducts research and market intelligence.

-Allocating, This determines the customer to be addressed.

Differences advertising with personal selling is in terms of the delivery of the message, is the message was delivered by personal contact, while the advertising message was delivered to the presentation through the mass media, non-personal media such as newspapers, magazines, television, radio and others. For this reason, the personal selling can adapt to the needs and responses of the prospective buyer.

### **2.2.2 Strategy Role**

Within the organization or company, the strategy has a very important role for the achievement of the objectives, because the strategy provides a course of action, and how those actions should be carried out so that the desired goal is achieved. According to Grant (1999: 21) strategy has 3 important role in filling the management objectives, namely:

1) Strategy as a support for decision making

Strategy as an element to achieve success. The strategy is a form or theme that gives unity relationship between the decisions taken by an individual or organization.

#### 2) Strategy as a means of coordination and communication

One important role of coordination and strategy as a means of communication is to provide direction for the company similarity

#### 3) Strategy as a target

The concept of the strategy will be combined with the mission and vision to determine where the company is in the future. Goal setting is not only done to provide direction for the preparation of the strategy, but also to shape the aspirations for the company. Therefore, strategy can also serve as a target company.

### **2.2.2 The types of strategies**

According to Charles Hofer and Higgins (1985) in Salusu (2003: 95), explains that there are four levels of strategy, namely:

#### 1. Enterprise Strategy

The strategy deals with the public response, in which each organization will have a relationship with the community.

#### 2. Corporate Strategy

This strategy relates to the mission of the organization, so it is often called the Grand Strategy covering the fields cultivated by an organization.

#### 3. Business Strategy

The strategy at this level describes how to seize the market in the community. This strategy focusing on the comparative advantages that do better and more perfect than others who implement.

#### 4. Functional Strategy



This strategy is a support strategy and to support the success of other strategies.