

Sales Promotion

Sales Promotion

- Sales promotion consists of short-term incentives to encourage the purchase or sales of a product or service.
- The idea behind sales promotion is to generate immediate sales.
- Marketing communication activities, other than advertising, personal selling, and public relations, in which a short-term **incentive** motivates a purchase.
- Sales promotion can take the form of consumer, business, trade, or sales force promotions.
- Rapid growth in the industry has been achieved because:
 - Product managers are facing more pressure to increase their current sales
 - Companies face more competition
 - Advertising efficiency has declined
 - Consumers have become more deal oriented



Goal = Drive immediate purchase

= Influence Behavior not ~~Attitude~~

Sales Promotions

- Consumer Promotions
- Trade Promotions
- Sales Force Promotions

SP Tools

- Coupon
 - A certificate that entitles consumers to an immediate price reduction.
- Rebate
 - A cash refund given for the purchase of a product during a specific period.
- Premium
 - An extra item offered to the consumer, usually in exchange for some proof of purchase.
- Loyalty Marketing Program
 - A promotional program designed to build long-term, mutually beneficial relationships between a company and key customers.
- Frequent Buyer Program
 - A loyalty program in which loyal consumers are rewarded for making multiple purchases.
- Contests
 - Promotions that require skill or ability to compete for prizes.
- Sweepstakes
 - Promotions that depend on chance or luck, with free participation.
- Sampling
 - A promotional program that allows the consumer the opportunity to try a product or service for free.
 - Methods of Sampling: direct mail, door-to-door delivery, packaging with another product, in-store demonstrations—very frequently with food

Consumer Sales Promotion Tools

Promotion	Advantages	Disadvantages
Coupons	• Stimulates demand. • Allows for direct tracing of sales.	• Has low redemption rates. • Has high cost.
Deals	• Encourages trial. • Reduces consumer risk.	• May reduce perception of value.
Premiums	• Builds goodwill. • Increases perception of value.	• Consumers buy for premium, not product. • Has to be carefully managed.
Contests	• Increases consumer involvement. • Generates excitement.	• Requires creativity. • Must be monitored.
Sweepstakes	• Increases involvement with the product.	• Sales often decline after the sweepstakes is over.
Samples	• Encourages trial. • Offers direct involvement.	• Has high cost to the firm.
Loyalty Programs (Continuity Programs)	• Creates loyalty. • Encourages repurchase.	• Has high cost to the firm.
POP Displays (Point of Purchase)	• Provides high visibility. • Encourages brand trial.	• Is difficult to get a good location in the store. • Can be costly to the firm.
Rebates	• Stimulates demand. • Increases value perception.	• Is easily copied by competitors. • May just advance future sales.
Product Placement	• Displays products nontraditionally. • Demonstrates product uses.	• Firm often has little control over display. • Product can be overshadowed.

Sales Promotion by Type of Buyer

Type of Buyer	Desired Results	Sales Promotion Examples
Loyal Customers	• Reinforce behavior • Increase consumption • Change purchase timing	• Loyalty marketing • Bonus packs
Competitor's Customers	• Break loyalty • Persuade to switch	• Sampling • Sweepstakes, contests, premiums
Brand Switchers	• Persuade to buy your brand more often	• Price-lowering promotion • Trade deals
Price Buyers	• Appeal with low prices • Supply added value	• Coupons, price-off packages, refunds • Trade deals

Point of Purchase Promotion

- Designed to
 - Build traffic
 - “advertise the product”
 - Induce impulse buying

Trade Promotions

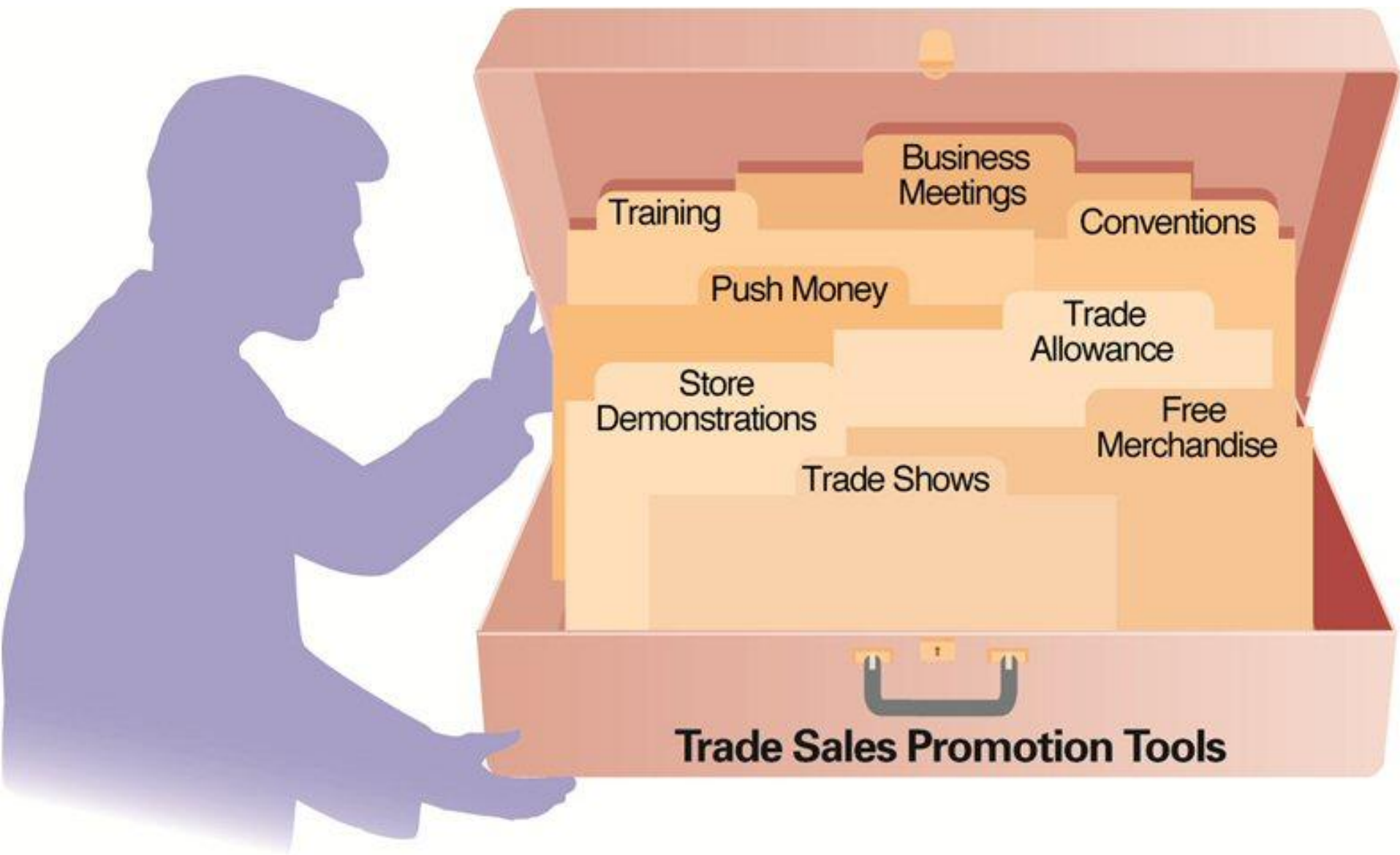
- While consumer promotions *pull* a product through the channel by creating *demand*, trade promotions *push* a product through the distribution channel in an attempt to influence *supply*.
- Objectives
 - Persuade resellers to carry a brand
 - Give a brand shelf space
 - Promote brand in advertising
 - Push brand to customers

Types of Trade Promotions

- Allowances
 - A price reduction offered by manufacturers to intermediaries, such as wholesalers and retailers.
- Push Money
 - Money offered to channel intermediaries to encourage them to “push” products--that is, to encourage other members of the channel to sell the products.

Benefits of Trade Promotions

- Help manufacturers gain new distribution
- Obtain wholesaler and retailer support for consumer sales promotions
- Build or reduce dealer inventories
- Improve trade relations



Business Promotions

- Objectives:
 - Generate business leads
 - Stimulate purchases
 - Reward customers
 - Motivate salespeople
- Tools:
 - Conventions, trade shows, sales contests, sales personnel training programs