Chapter 15

Promotions

Sales Promotion

“Sales Promotion is a Marketing Discipline that Utilizes a Variety of Incentive Techniques to Structure Sales-Related Programs Targeted to Consumers, Trade, and/or Sales Levels that Generate a Specific, Measurable Action or Response for a Product or Service.”

Sales Promotion Goals

Sales Promotion Has Three Goals That Relate to Its Target audiences:

- To Increase Immediate Customer Sales.
- To Increase Support Among the Marketer’s Sales Force.
- To Gain the Support of the Trade in Marketing The Product.

Reasons for the Growth of Sales Promotion

Sales Managers are Under Great Pressure to Produce Results Quickly.

Assessment of Sales Promotion is Relatively Easy.

Cost for Results In This Industry Are Relatively Low.

Sales Promotion Strategies Target Consumer, Trade, and The Sales Force.

Why Are Companies Spending More and More Money on Sales Promotion?

Promotion Strategies

Promotion Can:

- Offer an immediate inducement,
- Cause customers to try a product,
- Persuade customers to buy again,
- Introduce a new product or build a brand over time.

Promotion Can’t:

- Create an image for a brand,
- Compensate for a lack of advertising,
- Do much to compensate for a negative image,
- Reverse a sales decline.

Objectives

Intended to Change Consumer Behavior

Building Brands

Can be Used to Build Brand Images, But May be Long-Term

Introducing New Products

Advertising and Promotion Work Well Together Here Using Push & Pull Strategies
Consumer Promotions

- **Consumer sales promotions** are directed at the ultimate user of the good or service.
  - Intended to “presell” consumers so when people go into a store, they will look for a particular brand.
  - Primary strengths are their variety and flexibility.
  - Many techniques that can be combined to meet almost any kind of sales promotion planner’s objectives.

### Types of Consumer Promotions

1. **Coupons**
2. **Sampling**
3. **Contests**
4. **Sweepstakes**
5. **Premiums**
6. **Refunds**

### Price Deals

- Temporary reduction in the price of the product
  - Cents-off
  - Price pack
  - Bonus pack
  - Banded pack

### Contests and Sweepstakes

- **Contests**
  - Compete for a Prize Based on Some Skill or Ability
  - Generates High Degree Of Consumer Involvement
  - Can Help Revive Lagging Sales
- **Sweepstakes**
  - Participants Submit Names to Be Included in Drawing
  - Game - Type of Sweepstakes; Time Frame Much Longer

### Refunds, Rebates, and Premiums

- **Refunds and Rebates**
  - A Marketer’s Offer to Return a Certain Amount Of Money to the Consumer Who Purchases the Product. i.e cash rebate + low-value coupon
- **Premiums**
  - Tangible Reward for Performing a Particular Act
  - Direct – Received At Time of Purchase
  - Mail – Proof of Purchase & Payment Be Mailed In

### Coupons

- Legal Certificates Offered by Manufacturers That Grant Specified Savings on Selected Products.
- Redemption Rates < 2%
- Co-Couponing Can be Tried
- $6-Billion a Year Industry
- Retail-Sponsored
- Manufacturer-Sponsored

### Contests

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### Sweepstakes

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### Price Deals

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  - Banded pack
Allowing the Customer to Experience the Product or Service.

Very Effective Strategy for Introducing a New or Modified Product.

Most Common Method of Distributing Samples is Through the Mail.

9 Out of 10 Customers Prefer a Sample To a Cents-Off Coupon to Introduce Product.

Build Brands; Creating Both Awareness and Reminders

Includes Everything From Hats With Logos to T-shirts, & Mousepads

Third Largest Category of Promotional Spending

Normally Have a Promotional Message Printed Somewhere

Interactive and Internet Promotions

Prepaid phonecards, telemarketing 800- and 900- number programs, & Internet-based promotions.

Licensing

Company with an established brand “rents” that brand to other companies, allowing them to use its logo on their products.

Loyalty Programs/Continuity Programs

Designed to increase customer retention by rewarding customers for their patronage.

Co-Marketing Programs

Designed to build stronger relationships between manufacturers and retailers i.e co-marketing, co-branding, and tie-ins.

Trade advertising is directed at wholesalers and retailers and represents 50% of the total promotional spending.

Four goals of a trade promotion are:
- Stimulate in-store merchandising or other trade support,
- Manipulate levels of inventory held by wholesalers and retailers,
- Expand product distribution to new areas of the country or new classes of trade,
- Create a high level of excitement about the product among those responsible for its sale.

Types of Trade Promotions

Display Distributed to Retailers Used to Call Customer’s Attention to Product Promotions.

Some of the Most Popular POP Tools & Techniques

Point-of-Purchase Displays

Trade Promotions

- **Retailer (Dealer) Kits**
  - Materials That Help Reps Make Sales Calls Are Often Designed as Kits. Contain Detailed Product Specs, How-to-Do it Display, etc.

- **Contests & Sweepstakes**
  - Advertisers Can Develop Contests & Sweepstakes to Motivate Resellers. Occasional Use Only is Effective.

- **Trade Shows & Exhibits**
  - Allow Product Demonstrations, Provide Information, & Answer Questions. $16.5 Billion is Spent Annually.

Trade Incentives and Deals

- **$8 to $12 Billion Business Annually Designed for Special Trade Promotional Circumstances.**

  - Incentive Programs Used When Introducing A New Product. Types Include Bonuses & Dealer Loadings

  - Trade Deals Most Important Reseller Sales Promo Technique. Types Include Buying & Advertising Allowances

Promotion Integration (Tab. 15.5)

Sponsorships and Event Marketing

- **Sponsorships** include a number of activities including:
  - sports sponsorships,
  - entertainment tours and attractions,
  - festivals,
  - fairs, and annual events,
  - cause marketing – associating with an event that supports a social cause, and
  - arts.

- **Event marketing** describes the marketing practice in which a brand is linked to an event to create experiences for customers and associate the brand personality with a certain lifestyle.

- **A sponsorship** occurs when a company sponsors a sports event or concert, or supports a charity with its resources.

- It is attempting to increase the perceived value of the sponsor's brand in the consumer's mind.

- Blimps, balloons, and inflatables are used at many events.

Sponsorships and Event Marketing