



TYPES OF PROMOTION

Chapter 17.2

SALES PROMOTION

- Incentives that encourage customers to buy products.
 - Build Brand Awareness
 - Encourage customers to try a new product.
 - Increase purchases by current customers.
 - Reward customer loyalty.
- Supported by advertising activities



TRADE PROMOTIONS

- Sales promotion activities designed to get support for a product from manufacturers, wholesalers, and retailers.
 - More \$\$\$ spent on promoting to business than customers.
 - Promotional Allowances
 - Cooperative Advertising
 - Slotting Allowances
 - Sales Force Promotions
- Ethics
 - Payments & awards be offered in uniform manner.
 - Terms be clearly spelled out.



TRADE PROMOTIONS

- **Promotional Allowance**
 - Represent cash payments/discounts given by manufacturers to wholesalers/retailers.
 - Price discount for stocking large quantities.
- **Cooperative advertising**
 - Manufacturer supports the retailer by helping pay for the cost of advertising locally.
- **Slotting Allowance**
 - Cash premium paid to help retailer cover the costs of placing the product on the shelf.
 - Few Thousands to Several Million \$\$\$\$
- **Sales Force Promotions**
 - Awards given to dealers & employees to meet a sales quota.
- **Trade Shows & Conventions**
 - **Showcase a particular line of products**
 - Consumer Electronics Show (Las Vegas) – 190,000 manufacturers, retailers, developers, engineers – display booths
 - Meet customers who can see and touch the product
 - Build relationships
 - Customers can ask questions
 - Encourages increased sales



CONSUMER PROMOTIONS

- Sales strategies that encourage customers/prospects to buy a product.
 - Support advertising, personal selling, & public relations.
 - Coupons
 - Premiums
 - Deals
 - Incentives
 - Product Samples
 - Sponsorships
 - Promotional Tie-Ins
 - Product Placement
 - Loyalty Marketing Programs
 - Point-of Sale Purchases



CONSUMER PROMOTIONS

○ Coupons

- Certificates that entitle customer to cash discounts.
- Usually limited time and expire
- Manufacturers reimburse the stores

○ Premiums

- Low-cost items given to consumers at a discount or free.
- Designed to build sales & attract new customers.
- People will be more motivated to buy a product when offered an additional gift.
- **Factory Packs** are free gifts in a product package. Cereal used with cross-sell/cross-market products.
- **Traffic Builders:** low cost premiums such as pens, coffee mugs, etc. with contact information



CONSUMER PROMOTIONS

- Coupon Plans-exchange labels from a soup-can for prizes.
- Deals (price-packs).....on Sale
 - Offer short-term price reductions that are marked directly on the label
 - T-shirts cheaper if buying two or more or free chair with the purchase of a sofa
- Incentives
 - Higher priced products, awards, or gift cards that are earned and given away through contests, sweepstakes, special offers, rebates.
 - Create customer excitement
 - Competitive games – Contests-demonstrate a skill
 - Games of chance – Sweepstakes-No purchase necessary



CONSUMER PROMOTIONS

- Rebates-Discounts for purchasing an item at a certain time.
- Product Samples
 - Free trial size product sent through mail, door-door, or given away directly.
- Sponsorship
 - The right to use logos & names on retail products to enhance their corporate image.
 - Events, Groups (Nascar), person, stadium
- Promotional Tie-Ins (cross promotion)
 - Involve sales promotions between multiple businesses.
 - Partners combine their advertising & sales promotion
 - Movies & Fast Food Restaurants
 - Toys in happy meals



CONSUMER PROMOTIONS

○ Product Placement

- Verbal mention or appearance of a brand name or product in a TV series or movie, or sporting event.
- American Idol – Ford, Coke
- Cast Away – FedEx

○ Loyalty marketing Programs

- Reward customers by offering incentives for repeat purchases.
 - Airline tickets
 - Hotel Chains
 - Sam's Club memberships
 - Grocery cards
 - Customers will continue to shop and encourage others to shop.



CONSUMER PROMOTIONS

○ Online Loyalty Programs

- Yahoo award points to users who buy from certain retailers.
- Yahoo has negotiated with airline industry to allow consumers to convert points into frequent flyer miles.
- Email customers for exclusive sales

○ Point-of-Purchase Displays

- Designed primarily by manufacturers to hold and display products. Kroger might have a cardboard haunted house with orange Oreo cookies.
- Placed in high traffic areas and promote impulse purchases.
- **Kiosks:** stand-alone structures

