Sales Promotion, Events, and Sponsorships

Chapter 16

Chapter Outline

I. Chapter Key Points
II. The Practice of Sales Promotion
III. Consumer Promotions
IV. Trade Promotions
V. Promotions that Cross the Line
VI. Promotion Strategy

Key Points

• Explain the principles that drive the use of sales promotion
• List and explain the use of various consumer promotions
• Summarize the types and purposes of trade promotions
• Describe the use of other types of promotions
• Explain the strategic use of promotions in marketing
Promotion Marketing Association: Your Link to the World of Promotion

The Practice of Sales Promotion

• Utilizes a variety of incentive techniques to structure sales-related programs that generate a specific, measurable action or response

Growth in Sales Promotion

• Pressure for short-term profits
• Need for accountability
• Easy to evaluate
Move to Sales Promotion

- Consumer behavior
- Pricing
- Market share
- Parity products
- Power of the retailer

The Institute of Sales Promotion

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Consumer Promotions: Price Deals

- Temporary price reduction or sale price
  - Cents-off
  - Price-pack deals
  - Bonus packs
  - Banded packs
Consumer Promotions:

Coupons

• Provide a discount on the price of the product
  – Retailer
  – Manufacturer

Consumer Promotions:

Refunds and Rebates

• Marketer’s offer to return a certain amount of money to the consumer

Consumer Promotions:

Sampling

• Allowing the consumer to try the product or service
Consumer Promotions: Contests and Sweepstakes
- Create excitement by promising something for nothing
- Contests based on skill or ability
- Sweepstakes based on luck

Consumer Promotions: Premiums
- Tangible reward for a particular act
- Work by adding value to the product
  - Store premiums
  - In-pack premiums
  - On-pack premiums
  - Container premiums
- Self-liquidating

Consumer Promotions: Specialties
- Presents the brand’s name on something that is given away as a reminder
How to Use Consumer Promotions

- Awareness
- Trial
- Maintain or increase market share
- Brand reminder

IAS Promotes.com: Specializing in Specialty Items

Types of Trade Promotions: Point-of-Purchase Display

- Manufacturer-designed display distributed to retailers
- Retailers use the displays to call their customer’s attention to product promotions
Types of Trade Promotions:
Retailer Kits
• Materials that support retailer’s selling efforts or help representatives make sales calls on prospective retailing customers

Types of Trade Promotions:
Trade Incentives and Deals
• When a manufacturer rewards a seller financially for purchase or support
  – Buying allowances
  – Advertising allowances

Types of Trade Promotions:
Contests
• Advertisers can develop contests and sweepstakes to motivate resellers
• Contests far more common
Types of Trade Promotions:
Trade Shows and Exhibits
  • When companies in the same industry gather to present and sell merchandise and demonstrate products

How to Use Trade Promotion
  • Two primary roles for a trade promotion
    – Trade support
    – Excitement

How to Use Trade Promotion
  • Demand: Push-and-Pull strategies
  • Attention
  • Motivation
  • Information

Figure 2.3
The eChannel Group: Bringing Fusion To The Market

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Promotions That Cross the Lines

• Promotion techniques that blur the lines between promotions, advertising, and public relations

Promotions That Cross the Lines

• Sponsorships and event marketing
• Other promotional support
• Interactive and Internet promotions
• Loyalty programs
• Partnership programs
Promotion Strategy

- Promotion objectives
- The issue of brand building
- Promotion integration
- Promotion effectiveness

The Differences between Advertising and Sales Promotion

<table>
<thead>
<tr>
<th>Advertising</th>
<th>Sales Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creates a brand image over time</td>
<td>Creates immediate action</td>
</tr>
<tr>
<td>Relies on emotional appeals</td>
<td>Added value strategies rely on rational appeals</td>
</tr>
<tr>
<td>Adds intangible value to the product or service through image</td>
<td>Adds tangible value to the product or service</td>
</tr>
<tr>
<td>Contributes moderately to short-term profitability</td>
<td>Contributes greatly to short-term profitability</td>
</tr>
</tbody>
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Table 16.2

Upromise Uses Values Marketing to Pay for College

Discussion Questions
Discussion Question 1

• You have just been named product manager for Bright White, a new laundry detergent that will be introduced to the market within the next six months.
  – Would you use a push or a pull strategy? Why?

Discussion Question 2

• Tom Jackson’s marketing professor is covering some promotion methods, explaining that in selecting the consumer sales promotion, planners must know the brand situation and objectives before techniques are chosen.
  • Some techniques tend to increase product use and others are used to get new consumers to try the product.
  – “Which methods belong with which objective and why?” the professor asks.
  • How should Tom answer this question?

Discussion Question 3

• Janice Wilcox is a brand manager for a new line of eye cosmetics. She is about to present her planning strategy to division management.
  • She knows her company has been successful in using sales promotion plans lately, but has strong misgivings about following the company trend.
  – “This new line must create a consumer brand franchise, and promotion isn’t the best way to do that,” she thinks to herself.
  • How is sales promotion weak in building and maintaining a brand?
  • Should Janice propose no promotion, or is there a reasonable compromise for her to consider?
Discussion Question 4

• Jambo Products’ promotion manager, Sean Devlin, is calculating the cost of a proposed consumer coupon drop for March.
  – The media cost of a free-standing insert for the coupon and production charges is $125,000.
  – The distribution will be 4 million coupons, with an expected redemption of 5 percent.
  – The coupon value is 50 cents, and Devlin has estimated the handling and compensation to the store to be 8 cents per redeemed coupon.
• Based on these estimates, what will be the cost to Devlin’s budget?