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Sales Promotion

Sales Promotion

“A direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer with the primary objective of creating an immediate sale.”

- An extra incentive to buy
- An acceleration tool
- An inducement to intermediaries
- Targeted to different parties

Sales Promotion Vehicles

Consumer-Oriented

Samples

Coupons

Premiums

Contests/sweepstakes

Refunds/rebates

Bonus packs

Price-off deals

Frequency programs

Event marketing

Trade-Oriented

Contests, dealer incentives

Trade allowances

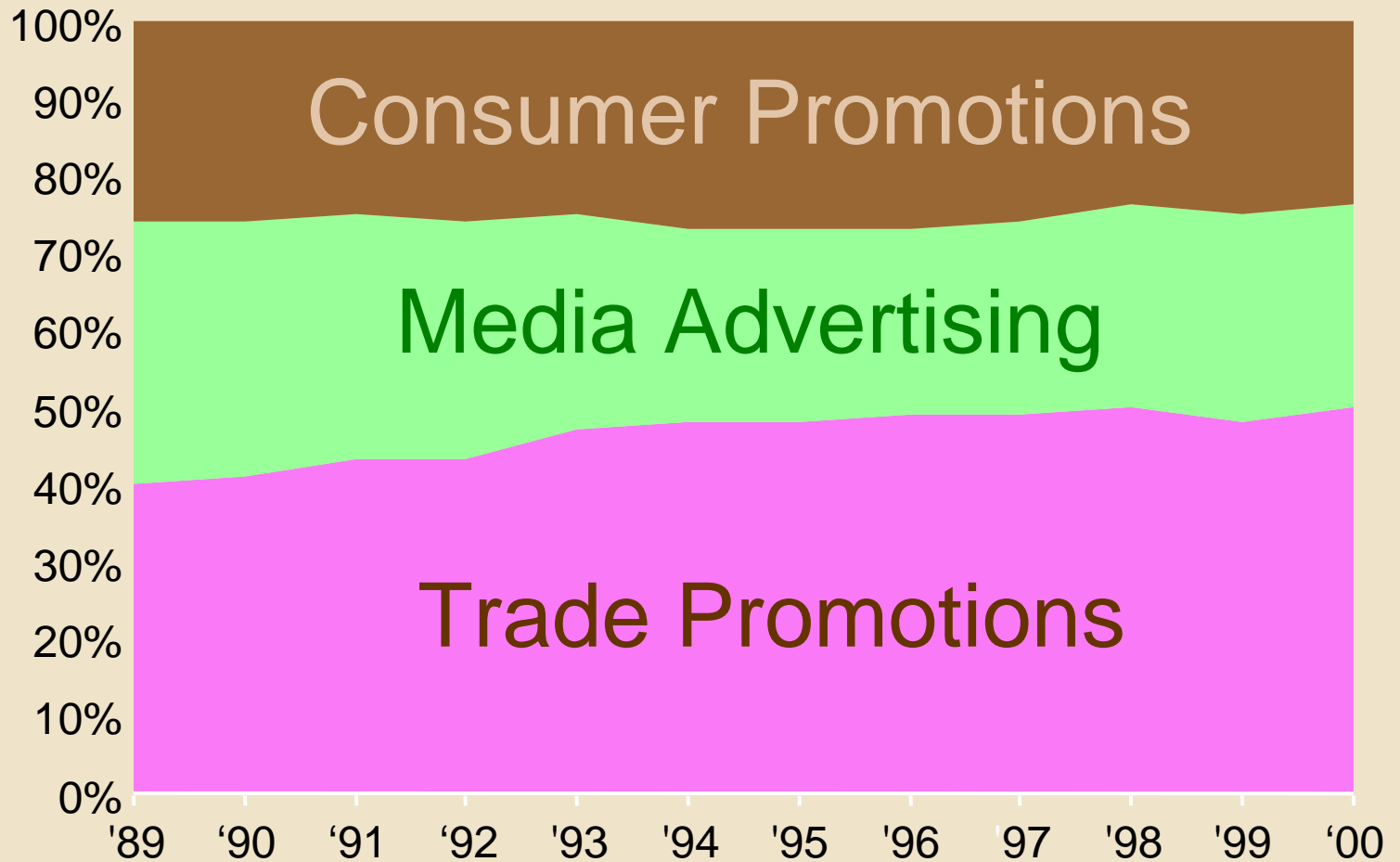
Point-of-purchase displays

Training programs

Trade shows

Cooperative advertising

Long-Term Allocations to Advertising, Trade Promotions and Consumer Promotions



Percent of total promotional dollars, 3-year moving average.



Reasons for Increase in Sales Promotion

- Growing Power of Retailers
- Declining Brand Loyalty
- Increased Promotional Sensitivity
- Brand Proliferation
- Fragmentation of Consumer Markets
- Short-Term Focus
- Increased Accountability
- Competition
- Clutter



Sales Promotion Uses

- Introduce new products by encouraging trial and repurchase
- Get existing customers to buy more
- Attract new customers
- Defend current customers
- Maintain sales in off season
- Target a specific market segment
- Enhance IMC efforts and build brand equity

Arm & Hammer uses a promotion offer to encourage new uses of its product

MANUFACTURER COUPON EXPIRES APRIL 30, 1995

For the fridge  Buy one get one **FREE!**  For the freezer

On April 5, when you turn your clocks ahead for Spring, it's also a great time to replace that Arm & Hammer® Baking Soda! But hurry - this offer is only good through April 30, 1995 or while supplies last! (Offer good on 1 lb. box only.)

NOTE: Only retail distributors of product stated or others specifically authorized to use this return coupon for face value plus the handling charge are valid. Void only for product stated. Some may require cash payment. Consumer must pay any sales tax. Retailer/retailer must show receipt for enough stock to cover coupons presented. Void where prohibited, taxed, banned or restricted. Cash value 1¢/box. Mail to Church & Dwight Co., Inc. 1345 West 4000th, Flower Mound, TX 75022.

 5320011114 1 6810030 10966

ARM & HAMMER® BAKING SODA

Change your box when you change your clocks!



Source: Courtesy Church & Dwight Co., Inc.

Consumer Franchise-Building (CFB) Promotions

Consumer Franchise Building Promotions –
Communicate distinctive brand attributes and
contribute to the development and reinforcement of
brand identity and image

CFB Promotional Objectives

- Communicate distinctive brand attributes
- Develop and reinforce brand identity that is consistent with the image of the brand
- Build long-term brand preference
- Encourage repeat purchase and long-term patronage
- Engage active consumer involvement

Nonfranchise-Building(non-FB)

Promotions

Nonfranchise-building promotions -
Accelerate the purchase decision process
and generate an immediate sales increase but do not
contribute to the building of brand identify and image

Non-FB Promotions May Include

- Price-off deals
- Bonus packs
- Rebates or refunds

Non-FB Promotions shortcomings

- Trade promotions benefits may not reach customers
- Customers may “buy on the basis of price rather than brand equity
- Do not encourage the development of brand loyalty



Objectives of Consumer-Oriented Sales Promotion

- To Obtain Trial and Repurchase
- To Increase Consumption of an Established Brand
- To Defend (Maintain) Current Customers
- To Target a Specific Segment
- Enhance IMC programs and build brand equity

Contests can be used to build brand equity

Brawny Man - Home Page - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites Media History Mail Print Edit Discuss

Address <http://www.gp.com/brawnyman/index.html> Go

Links Customize Links Free Hotmail Windows Windows Media Best of the Web Channel Guide Internet Explorer News Internet Start Microsoft

Home | About the Contest | Create a Brawny Man | Calendar | Screensaver | Brawny Brigade <http://www.microsoft.com/isapi/redir.dll?...>

Do You Know A Brawny Man?

Brawny Who will be the **Brawny Man™** winner?

sponsored by the maker of Brawny paper towels and napkins

Who? See 'em?

Get your 2003 Brawny Man calendar!
Twelve months...twelve Brawny Men. What more could you want?
Order your calendar today!
The calendar includes \$4.00 in coupons for Brawny paper towels and napkins!

next man >
< previous man

Create Your own Brawny Man
Download a Brawny Man screensaver!
Trust us - your desktop will thank you.

America has voted! Now it's time to tally the votes and see which of the five finalists won the grand prize in the "Do You Know a Brawny Man?"™ Contest! Check out the finalists, read about the contest, and sign up to be notified when the winner is selected!

go

Mario Cantacessi

Click here!

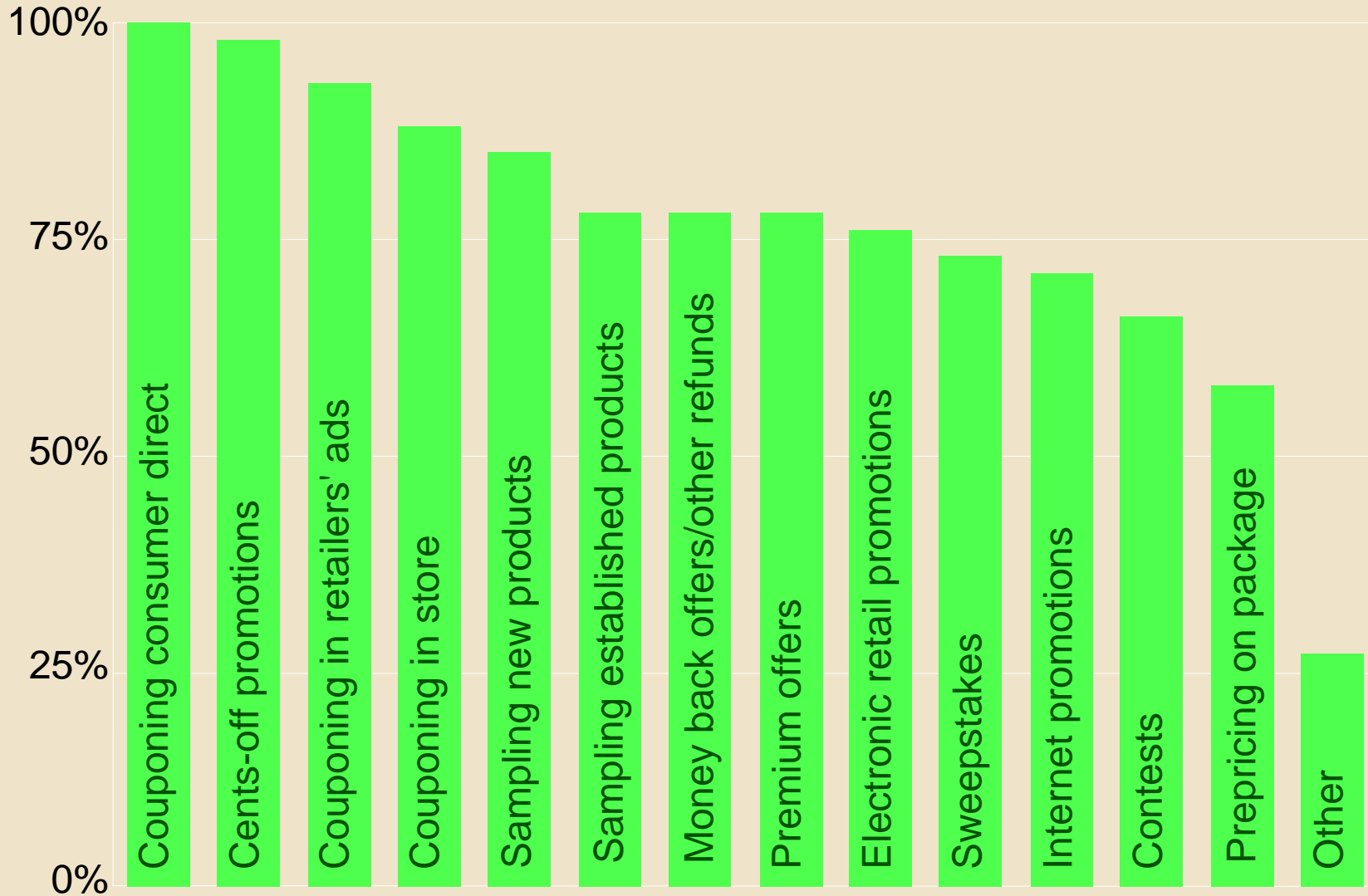
rugged **tough** **dependable** **strong**

[contact us](#) / [terms of use](#) / [privacy policy](#)

<https://www.gp.com/brawnyman/calendar.html> Internet

Source: Courtesy of Georgia-Pacific

Percentage of Promotions Vehicles Used by Package Goods Manufacturers



Sampling

Providing consumer with some quantity of a product for no charge to induce trial

Sampling works best when:

- The products are of relatively low unit value, so samples don't cost much
- The products are divisible and can be broken into small sizes that can reflect the products features and benefits
- The purchase cycle is relatively short so the consumer can purchase in a relatively short time period



Sampling Methods

- Door-to-door
- Direct mail
- In-store sampling
- Cross-product sampling
- With newspaper or magazine
- Through the internet

Samples are often distributed with local newspapers

POLYBAGS

2002



Get your message across at first glance. Polybags are great for announcing new hires, relocations, special events, even teaser lines for an ad inside the newspaper.

PROMINENT POSITIONING
Polybags are the first thing readers see. First comes your message, then the newspaper.

THE OPPORTUNITY TO STAND ALONE
Your ad stands apart from the competition.

TARGETED CIRCULATION
It's your choice — saturate the entire county or select certain ZIP codes.

OPTIONS
You have a variety of colors and sizes to choose from.

PRODUCT SAMPLES
Treat customers with a sample of your product, inserted in the polybag.

GUARANTEED POSITIONING
A polybag gives you ads guaranteed positioning that's better than the front page. Enjoy knowing where your ad is going to appear even before the newspaper is printed.

Represented nationally by Lorain Media Group, LLC

For advertising information call (619) 293-2491

Div of
Union-tribune



Coupons

- The oldest and most widely used sales promotion tool
- Nearly 240 billions distributed each year in the United States
- 80 percent of consumers use coupons and 25% use them regularly



Advantages and Limitations of Coupons

Advantages:

- Appeal to price sensitive consumer
- Can offer price break without retailers coop
- Can be effective way to induce trial of new or existing products
- Can be way to defend market share and encourage repurchase

Disadvantages

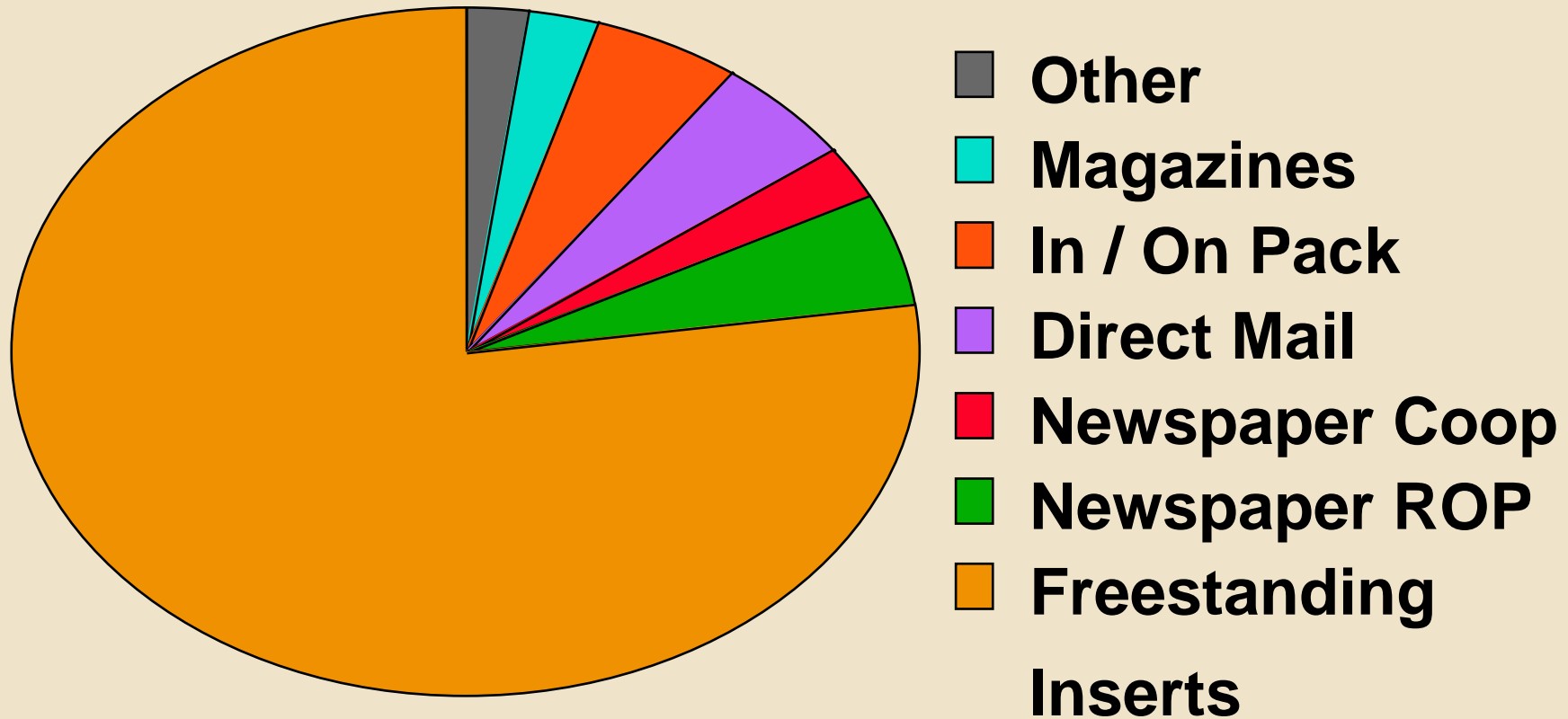
- Difficult to determine how many consumers will use coupons and when
- Coupons are often used by loyal consumers who may purchase anyway
- Declining redemption rates and high costs of couponing
- Misredemption and fraud



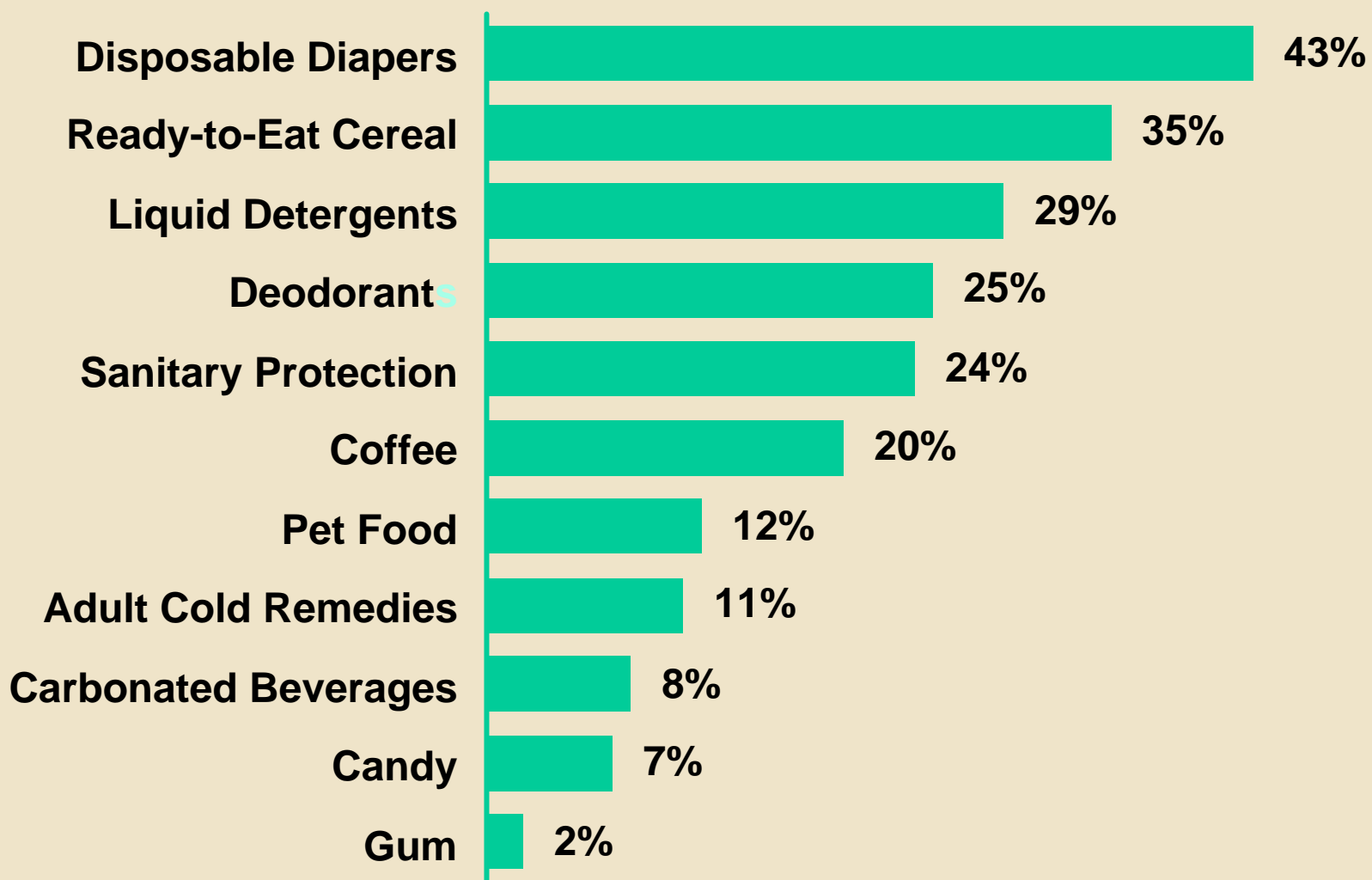
Coupon Fraud


- Consumers redeem without purchase
- Clerks and staff exchange for cash
- Managers/owners redeem without sale
- Criminals collect or counterfeit and sell

Coupon Distribution



Percent of sales made with coupons for various products





Coupon Trends

- Major companies cutting back on
 - use of coupons
- Searching for more effective coupon
 - techniques
- More use of internet for distribution

Premiums

Premium – an offer of an item of merchandise or service either free or at a low cost that is an extra incentive for customers

Two types of premiums:

- Free premiums -
only require purchase of the product
- Self-liquidating premiums -
require consumer to pay some or all of the cost of the premium

Airline miles are a very popular premium incentive

WATCH YOUR
CUSTOMERS
RESPOND
like
PAVLOV'S
DOGS.

When you offer AAdvantage miles, consumers act very predictably. They respond right away – buying and buying again to collect our miles. It's as if their behavior were conditioned. Which it is. That's why AAdvantage programs are some of the most powerful marketing tools available. Find out how we can tailor one for you.

AAdvantage
MARKETING PROGRAMS

1-800-777-3442 · aadvantage.com

AAdvantage® is a registered trademark of American Airlines, Inc.

Source: Courtesy of American Airlines



Contests and Sweepstakes

Contest – a promotion where consumers compete for prizes or money on the basis of skills or ability. Winners are determined by judging entries or ascertaining which entry comes closest to some predetermined criteria

Sweepstakes/games – a promotion where winners are determined purely by chance and cannot require a proof of purchase as a condition for entry. Winners are determined by random selection from the pool of entries or generation of a number to match those held by game entrants.



Other Popular Consumer Sales Promotion Tools

- Refunds and Rebates
- Bonus Packs
- Price-off deals
- Frequency/loyalty programs
- Event marketing

Gerber developed a sweepstakes in conjunction with a loyalty program



“Good things happen every time you buy Gerber.”

Jane Seymour

Every time you buy Gerber® Baby Food or Gerber® Graduates® Foods and Juices you increase your chances of winning a \$250,000 college scholarship for your Gerber baby.⁽¹⁾ Sweepstakes is open to parents or legal guardians of a child who is up to 24 months old at any time during the promotion.



Win Instant Prizes! Every time you enter you're eligible to win instant prizes like Gerber® Spill Proof Cups, Soft-Bite Toddler Spoons, Attach-A-Bowls Feeding Dishes and more!



(1) No purchase necessary. See rules on back.

Enter Right Over the Phone!

Here's how to enter: At participating retailers, buy any 16 or more Gerber food products at one time and receive a game piece when you check out. Call the toll-free number on the game piece and enter the game piece number to enroll. Every time you purchase an additional 16 items, you'll automatically receive a new game piece. Call and enter your game piece number to increase your chances of winning! (See map on back for stores with game pieces at check out counter.)

You can also enter through the mail. If you don't receive a game piece when you check out, just send 16 UPCs from any Gerber food products, along with the entry form and a self-addressed stamped envelope, to the address shown. Your game piece will be sent to you, providing you with the information you need to enroll by phone. Every time you buy an additional 16 Gerber food products, you can enter again.

For more details call

1-800-376-BABY

or visit www.gerber.com

No purchase necessary. See rules on back.

MAIL-IN ENTRY FORM

My Gerber Baby wants to win a college scholarship!
 Enclosed are 16 UPCs from any Gerber food products.
 Please send me Gerber Rewards game piece to:

NAME _____
 ADDRESS _____ CITY _____ STATE _____ ZIP _____
 PHONE _____
 CHILD'S BIRTHDATE _____

Drawings to be held:
 July 1998
 January 1999

Drawings will be held on a lot to receive additional offers for products or services, check item 7.

Send this form, UPCs, and a self-addressed stamped envelope* to:
 GERBER REWARDS
 PO BOX 651
 ST. PETERSBURG, FL 33731-0651

* \$0.10 and US surface mail rates apply.

AMERICA'S PROMISE THE ALLIANCE FOR YOUTH



All children deserve a fair and healthy start in life. Unfortunately too many are not given the opportunity. As many as 15 million youngsters are at-risk in America today. America's Promise wants to make sure children have the love, the care and nurturing they need to grow up into confident and able adults. Under the leadership of General Colin Powell, America's Promise was established to provide needy children access to five fundamental resources.

- An ongoing relationship with a caring adult.
- Safe places to learn and grow.
- Marketable skills through effective education.
- A healthy start.
- An opportunity to give back through community service.

Gerber believes these fundamentals are the key to helping America's at-risk youth. That is why Gerber is keeping America's Promise.

To learn more about America's Promise and what you can do to help, please call 1-888-55-YOUTH or visit www.americaspromise.org

It's the promise of a good start.



Trade-Oriented Sales Promotion Objectives

- Obtain Distribution of New Products
- Maintain Trade Support for Existing Products
- Encourage Retailers to Display and Promote Existing Brands
- Build Retail Inventories

Chicken of the Sea targets the trade with this collateral piece

Consumers Need It, So We Introduced It!



Did you know that a large percentage of Generations X and Y do not know how to make tuna salad? *

- XConsumers Need It:** 75% of tuna purchases are for making tuna salad **
- XConsumers Want It:** Recent consumer testing found that 88% of consumers would buy this product***
- XConsumers Like It:** 97% of consumers felt this product achieved or exceeded their expectations***
- XConsumers Will Buy It Again:** After initial trial, consumers said they would buy more than 2 Tuna Salad Kits on their next store purchase.***

* Instant Insight, Spring 2000 ** Market Facts, 1999 *** AC Nielsen BASES' Test, 2000





Types of Trade-Oriented Promotions

- Contests and Incentives
- Trade Allowances
 - Buying Allowances
 - Promotional Allowances
 - Slotting Allowances
- Point-of-Purchase Displays
- Sales Training Programs
- Trade Shows
- Cooperative Advertising



Promotion Targeted to Reseller Salespeople

- Product or program sales
 - Selling a specific number of cases
 - Selling a specific number of units
 - Selling a specific number of promotional programs

- New account placements
 - Number of new accounts opened
 - Number of new accounts ordering a minimum amount
 - Promotional programs placed in new accounts

- Merchandising efforts
 - Establishing promotional programs
 - Placing display racks, counter and other p-o-p displays



Types of cooperative advertising

- Horizontal cooperate advertising
- Ingredient-sponsored cooperative advertising
- Vertical cooperative advertising

Coordinating Sales Promotion With Other IMC Elements

Various IMC elements such as advertising, direct marketing, Internet and personal selling efforts need to be coordinated with sales promotion to create a *synergistic effect*. Must consider:

- Budget allocation
- Coordination of ad and promotion themes
- Media support and timing
- Measuring effectiveness

The Sales Promotion Dilemma

		Our Firm	
		Cut Back Promotions	Maintain Promotions
All Others	Maintain Promotions	We lose market share	Same market share, profits stay low
	Cut Back Promotions	Higher profits for everyone	We gain in market share

Shifting Role of Sales Promotion Agencies

THEN

- Created tactics
- Single project basis
- Hired for specialty
- Single agency contact
- Inferior to ad agency
- Indirect accountability

NOW

- Create strategy
- Continuing service
- One full-service firm
- Agency team contact
- Equal to ad agency
- Directly accountable