Promotion

Chapter 17

Sec. 17.2 – Types of Promotion

What you'll learn

- The characteristics of sales promotion
- The concept of trade promotions
- The different kinds of consumer sales promotions

Sales Promotion

Incentives that encourage customers to buy products or services

<u>Trade Promotions</u> – Designed to gain manufacturers', wholesalers', and retailers' support for a product

Types of Trade Promotions

- **<u>Promotional Allowances</u>** – a cash payment or discounts given by manufacturers to wholesalers or retailers for performing activities to encourage sales.

Types of Trade Promotions

- **<u>Cooperative Advertising</u>** – A manufacturer supports the retailer by helping to pay for the cost of advertising its product locally.

Types of Trade Promotions

- **<u>Slotting Allowances</u>** – a cash premium paid for placing a product on a retailer's shelves

Types of Trade Promotions

- **<u>Sales Force Promotions</u>** – awards given to managers and employees who successfully meet or exceed a sales quota.

Types of Trade Promotions

- **<u>Trade Shows and Conventions</u>**

The Consumer Electronics Show is held annually in Las Vegas. Check it out by clicking on the image.

<u>Consumer Sales Promotions</u> – designed to encourage customers to buy a product

Types of Consumer Promotion

- **<u>Coupons</u>** – certificates that entitle customers to cash discounts on goods or services.

Types of Consumer Promotion

- **Premiums** – low-cost items given to consumers at a discount or for free – Should:
  - be low-cost
  - provide added value
  - negate the target audience's price issue
  - effectively differentiate the product from the competition
  - create an immediate need to buy

Types of Premiums

- **<u>Factory packs</u>** (in-packs) – free gifts placed in product packages

Types of Premiums

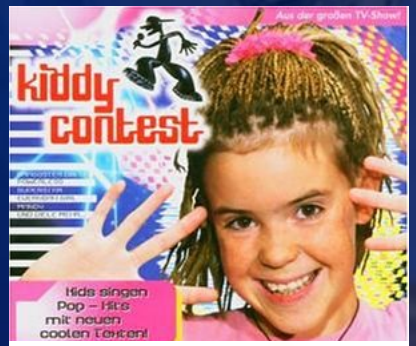
- **<u>Traffic builders</u>** – pen, calendar, key-chain given free for visiting or attending event

Types of Premiums

- **<u>Coupon plans</u>** – ongoing program offering a premium in exchange for labels, coupons or other tokens from one or more purchases.

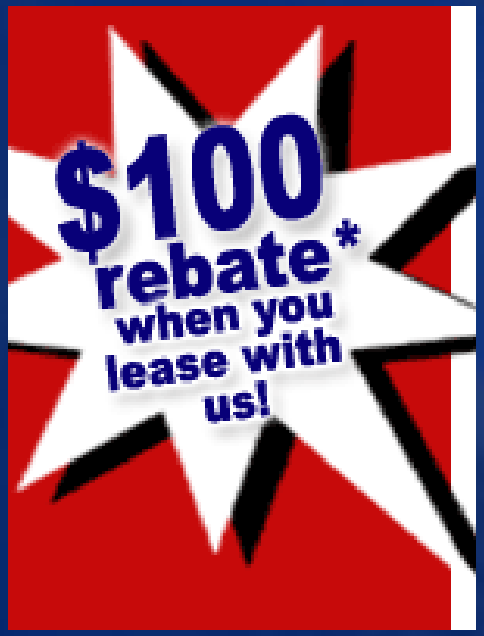
<u>Incentives</u> – generally higher-priced products earned and given through contests, sweepstakes, and rebates

- **<u>Contests</u>** – activities that require demonstration of a skill
- **<u>Sweepstakes</u>** – game of chance

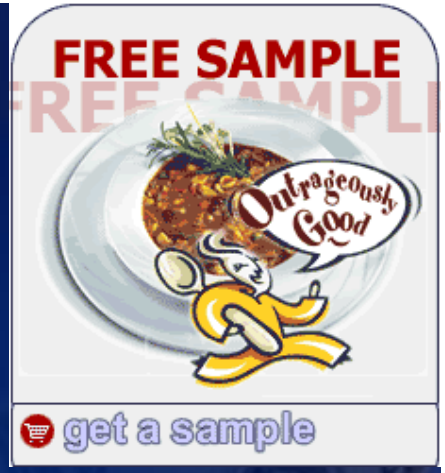


Incentives

- **<u>Rebates</u>** – discounts offered to customers who purchase



Product Samples



- Free, trial-size sample
- Distributed through mail, door-to-door, or at a retail or trade show
- Especially important with new products

Sponsorship

- The sponsoring company pays a fee for the right to promote itself and its products or services at or on a set location
- May negotiate the right to use logos and names on retail products

Promotional Tie-In

- Involves arrangements between one or more retailers or manufacturers.

Ex: McDonald's and Fisher-Price Toys

Product Placement

- **Featuring a product at a special event, on television, or in the movies**

Click on the "Pieces Icon" to learn about the history of product placement.

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Loyalty Marketing Programs

- Frequent buyer programs
- Reward customers for making multiple purchases

Point-of-Purchase Displays

- Placed in high-traffic areas and promote impulse purchases.