What is it?
- Direct inducement to buy
- Offers extra value to the consumer
- Acceleration tool
  - Speeds up the selling process

How does it differ from Advertising?
- **Sales Promotion**
  - Short-term focus - immediate response
  - Quick sales
  - Helps boost market share
- **Advertising**
  - Long-term focus
  - Image building, positioning

Shift from Advertising to Sales Promotion
- Power of retailers
- Less brand loyalty
- Promotional sensitivity
- Brand proliferation
- Need quick results
- Accountability

How do you increase sales and market share?
- Penetration
  - Get more people to buy
  - Encourage brand switching
  - Trial
- Increase buying rate
  - Encourage multiple purchases
  - Encourage repeat purchases

Communications Hierarchy

<table>
<thead>
<tr>
<th>Level</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>Advertising – repetition</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Slogans, jingles, copy</td>
</tr>
<tr>
<td>Liking</td>
<td>Image copy</td>
</tr>
<tr>
<td>Preference</td>
<td>Competitive ads</td>
</tr>
<tr>
<td>Trial/Purchase</td>
<td>Sales Promotion, price</td>
</tr>
</tbody>
</table>
Consumer Promotions

- Coupons
- Price-off deals
- Premiums
- Contests/sweepstakes
- Samples & trial offers
- Product placement
- Refunds/rebates
- Frequency programs

On-line Coupons

- http://www.hotcoupons.com/
- http://www.coolsavings.com/
- http://www.e-centives.com/
**What is the Goal for Consumer Promotions?**
- Trial
- Repeat purchase
- Consume more
- Introduce a new brand
- Defend against competition
- Contribute to the IMC – Build Brand Equity

**Which promos are best for inducing trial?**
- **Sampling - strongest**
  - 75% of HH sampled will try the product
  - 15-20% will buy it later at full price
- **Coupons – 2nd best**
  - 3-5% of couponed HH will buy later
  - 10% of direct mail coupons are redeemed
- **Other Price-Off Techniques**
  - Refunds generate 3-4% purchase rate
  - Price reductions, bonus packs

**Which promos are best for encouraging usage?**
- Bonus packs
- Price-offs
- Premiums
- Continuity programs
- Contests, sweepstakes
- Redemption Premiums (proof of purchase)

**Which promos are best for enhancing brand equity?**
- Contests and sweepstakes
- Frequency or loyalty programs
- Event marketing
- Premium offers

**Consumer Franchising-Building Promotions**
- Enhance a brand’s identity or image
- Communicate distinctive attributes

**Non-Franchise-Building Promotions**
- Accelerate purchases
- Do little to contribute to a brand’s image or identity
What is the Goal of Trade Promos?
- Motivate distributors and retailers to stock and promote a product
- Gain distribution
- Build retail inventories
- Increase store traffic
- Gain cooperation of trade

Trade Promotions
- POP displays
- Incentives and contests
- Trade allowances
- Trade shows
- Sales Training programs
- Co-op advertising
What can’t sales promotion do?

- Reverse a declining sales trend
- Make people accept an inferior product

What are the RISKS?

- Creating a price-orientation
- Borrowing from future sales
- Hurting the equity of the brand
- Over reliance and abuse
  - Promotional trap or spiral
  - Not building the long-term value of the brand