

Sales Promotion

Expert knowledge means success



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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

Sales Promotions are activities that affect how and when people buy and thus attract new audiences and increase sales. It's an all encompassing term that covers everything apart from advertising, publicity and direct marketing, although these might also be used to deliver your sales promotions. Sales Promotion offers people (consumers) incentives to buy and so close a sale already made in the consumer's mind. Its major strength is its impact and influence, in getting the consumer to make a purchase - in response to a message, advertisement, coupon, point-of-purchase device or a special demonstration at the point of sale.

Sales Promotion is one of the seven aspects of the promotional mix. (The other six parts of the promotional mix are advertising, personal selling, direct marketing, publicity/public relations, corporate image and exhibitions.) Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss-leaders, point of purchase displays, premiums, prizes, product samples, and rebates¹.

For any Sales Promotion to be successful, it must be part of an overall marketing strategy and form part of your marketing mix (ask for our publication on the Marketing Mix for more details).

Sales Promotion is often interfaced with price with discounts being a common ingredient as well as:

- sampling or learning opportunities
- joint promotions or collaborations with third parties
- special events
- competitions
- incentives
- value adding
- other rewards

As with any marketing activity, there are many pitfalls and lack of attention to details

in the design, presentation and execution of promotions can cause disappointment to consumers with resultant damage to the business or product concerned.

A single well-planned, very focussed and far-reaching promotion is better than several small one-off disparate campaigns that are distant from the strategic objectives of a business.

Don't forget that the ultimate objective of Sales Promotion is to predict and modify customer purchasing behaviour – usually, to increase in sales or customer transactions. But it's not always about immediate results. When a Sales Promotion reflects a brand's image and is directed at the appropriate target market, it can achieve not only short-term tactical gains, but it can also deliver on long term strategic issues.

In recent years, money spent by businesses on sales Promotion activities has exceeded monies spent on advertising and there are strong signs that this pattern of growth will continue to maintain its economic edge.

Techniques and Types of Sales Promotion

The techniques of Sales Promotion are used both to motivate people who sell to improve their performance as well as to induce consumers to purchase their goods and services.

Sales Promotion works most closely with advertising, but it's also connected with all other elements of marketing: production services, packaging, price, and distribution. At the manufacturing and wholesale levels of distribution, the methods used to motivate personnel to meet specific goals usually fall into two categories - sales incentive prizes (such as merchandise, travel, or cash awards) and sales contests. Both are based upon the salesperson reaching an objective above the normal sales budget.

Consumer promotions encompass a wide variety of techniques, including:

- Sampling of goods or services
- Redeemable "money-off" coupons to encourage the trial or testing of products
- Special price-reduced packages

Sales Promotion

Is defined as:

"All activities which help to promote sales, other than personal selling and advertising"

In very simple terms...

Advertising (which informs and provides Awareness) can lead the horse to water, whilst Sales Promotion (which provides Motivation) can make it drink.



The 3 basic elements of a Sales Promotion are:

- The offer.
- The media used for communicating the offer to the target audience.
- The creative "hook," message or theme that moves the audience toward the desired response.

- Mail-in premium merchandise offers
- Cash or coupon refunds by mail
- Special product packaging
- Loyalty incentives
- Contests
- Competitions
- Instant wins
- Sets and series of collectibles
- Third party promotions
- Prize draws

Promotional activities can be wide and varied and can include:

- Advertising
- Public Relations
- Affinity group promotions
- Exhibitions
- Point-of-sale promotions
- Demonstrations
- Direct mail and direct marketing
- Promotions targeted at channel suppliers – wholesalers and distributors rather than to customers

Sales Promotion Checklists

We strongly advise you to check the legal impact of any sales promotion campaign you might be planning. For example:

- Banknotes are the copyright of the Bank of England whose permission should always be obtained before advertisements or promotions featuring such notes. In addition, unauthorised reproduction of bank notes can amount to a criminal offence under the Forgery and Counterfeiting Act 1981.
- A printed order form in connection with a promotion is technically a company order form within the of the Companies Act 2006 – the form should contain the place of registration of the company, the registered address and the registered number.

An excellent series of checklists covering all aspects of Sales Promotion can be found on the Institute of Sales Promotion website at:
<http://www.isp.org.uk>

Sales Promotion consultants can be located via the Sales Promotion Consultants Association (SPCA):

47 Margaret Street, London, W1N 7FD
Tel: +44 (0) 20 7580 8225
Fax: +44 (0) 20 7580 8189

Recommended Reading

- *Advertising and Sales Promotion Strategy*, by Gerard J. Tellis, published by Prentice Hall (School Division), 1998, ISBN: 0321407725
- *Analyzing Sales Promotion*, 2nd Edition, by John C. Totten and Martin D. Black,
- *Sales Promotion Essentials : The 10 Basic Sales Promotion Techniques... and How to Use Them*, by Don E. Schultz, William A. Robinson and Lisa A. Petrisson, published by NTC Publishing Group, 1997, ISBN: 0844233552
- *Sales Promotion* by Julian Cummins, published by Kogan Page, 1997, ISBN: 0749424478
- *The Sales Promotion Handbook*, by Chris Brown, published by Kogan Page, 2000, ISBN: 0749433019
- *Sales Promotion: Concepts, Methods and Strategies*, by Robert C. Blattberg and Scott Neslin, published by Simon & Schuster Trade, 1998, ISBN: 013442302X
- *Promotional Marketing: Ideas and Techniques for Success in Sales Promotion*, by William A. Robinson, Christine Hauri and Anne Knudsen, published by NTC Publishing Group, 1995, ISBN: 0844231517



Another Definition:

"Sales Promotion comprises that range of techniques used to attain sales and marketing objectives in a cost effective manner, by adding value to a product or service, either by intermediaries or end-users, normally but not exclusively within a defined time period."

Institute of Sales Promotion

Useful Web Addresses

United Kingdom:

Advertising Standards Authority
www.asa.org.uk/

Advertising Standards Board of Finance Ltd
www.asbof.co.uk/

Information Commissioner's Office (Data Protection)
www.ico.gov.uk/

Direct Marketing Association
<http://www.dma.org.uk/>

Incorporated Society of British Advertisers
www.isba.org.uk

Ofcom
www.ofcom.org.uk/

PhonepayPlus
www.phonepayplus.org.uk

Independent Film and Television Alliance
www.ifta-online.org/

Institute of Practitioners in Advertising
www.ipa.co.uk/

Chartered Institute of Purchasing and Supply
www.cips.org/

Institute of Sales Promotion
www.theipm.org.uk/Home.aspx

Trading Standards Institute
www.tradingstandards.gov.uk/

Local Authorities Co-coordinating Body on Food and Trading Standards (LACOTS)
<http://products.ihs.com/Ohsis-SEO/LOCALAUTHORITIESCOORDINATINGBO.html>

Mailing Preference Service
www.mpsonline.org.uk/

Safe Home Ordering Protection Scheme
www.shops-uk.org.uk/

Newspaper Publishers Association (NPA)
www.n-p-a.org.uk/

Newspaper Society
www.newspapersoc.org.uk/

Office of Fair Trading
www.oft.gov.uk/

Europe:

IMA Europe
www.imaeurope.com/

USA:

IMA US
www.incentivemarketing.org/

American Marketing Association
www.marketingpower.com

Canada:

IMA Canada
www.imacanada.ca/

The Canadian Institute of Marketing
www.professionalmarketer.ca/

Ireland:

The Marketing Institute of Ireland
www.mii.ie/cop/

Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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Reference

¹ Source: Wikipedia - http://en.wikipedia.org/wiki/Sales_promotion