Chapter III

An overview of Sales Promotion
CHAPTER III
AN OVERVIEW OF SALES PROMOTION

Promotion in any field is an integral part of our social and economic systems. In our complex society promotional methods are extremely important for both consumers and business establishment. The goal of all promotional methods is to deliver carefully-prepared messages to target audience. Promotional methods play a major role in the marketing programs of most organizations. Companies, ranging from large multinational corporations to small retailers, increasingly rely on sales promotion to help them market their products or services. In market-based economies, consumers have learned to rely on promotion for getting information which they could use in their decision-making whether to buy or not to buy.

Evidence of the increasing importance of sales promotion comes from the growth in expenditure in this area. In 1980 nearly $49 billion was spent on sales promotion techniques such as product samples, coupons, contests, sweepstakes, premiums, rebates, allowances and discounts to retailers. By 2002, the spending on sales promotional programs targeted toward consumers and retailers increased fivefold.¹ Companies targeted the U.S. consumer with promotional offers, collectively spending more than $30 a week on every man, woman, and child in the country. Promotional expenditures in international markets have grown as well.

Expenditure on sales promotion by various marketing companies in India is estimated to be around Rs. 5,000 crore and is growing at a rapid pace each year (Economic Times June 15, 2003). Companies in an attempt to increase their sales offer various kinds of consumer promotional efforts from price offs, extra product, free gifts, scratch cards &c. In the year 2001, there were as many as 2,050 promotional schemes of different kinds in the Rs 80,000 crore Fast Moving Consumer Goods (FMCG) industry. In the year 2000, the number stood at 1,954 schemes (Financial Express, 2000).

The growth in promotional expenditure reflects the fact that markets around the world have recognized the value and importance of promotion. Promotional strategies play an important role in the marketing programs of companies in that they communicate information about their products and thereby increase their sales.

Reaching today’s consumer is rather difficult. Even market-leaders like Hindustan Lever and Procter & Gamble are no longer secure in their dominance in the market. Charging the lowest price, producing the best product, and simply being around for long, do not necessarily guarantee consumer-acceptance or loyalty. Success in marketing a product requires finding out what the consumers want and then letting them know that a particular product would meet their needs.

A part of the marketing program is promotion. In this chapter, the main aim is to provide a basic understanding of the concepts associated with promotion especially sales promotion. A close look at what promotional effort is and how one can develop effective promotional strategies are to be dealt in this chapter.
One must understand the concepts of marketing mix and promotional mix before discussing promotion.

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives. The four elements in marketing mix are product, price, physical distribution and promotion.

**WHAT IS PROMOTION?**

Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea. Most of the interaction and communication of an organisation with the market take place as part of a carefully planned and controlled promotional program. The basic tools used to accomplish the objectives of communication of an organization are often referred to as the ‘promotional mix’. The important elements in the promotional mix are given in Chart 3.1

![Chart 3.1](chart)

**Chart 3.1**

**Elements in the promotional mix**

- Advertising
- Direct marketing
- Internet marketing
- Sales Promotion
- Publicity
- Personal Selling

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Traditionally the promotional mix comprises of four elements: advertising, sales promotion, publicity and personal selling. However, direct marketing and internet marketing have also become major promotional elements at present.

Product, price and channels of distribution and promotion are all directed to the audience. Promotion is an active and explicit tool of marketing communication. Promotion highlights the marketing elements that would increase the sales and woo the consumer committed to a product. Thus, promotion is primarily concerned with persuasive communication.

Four types of activities provide key tools to reach the goals of promotion.

- Advertising is a paid form of non personal communication and promotion of ideas, goods or services by an identified sponsor. Although one form of advertising such as direct mail is directed at specific target, most advertising messages are tailored to a group and use the mass media such as radio, television, newspapers, magazines internet and outdoor campaigns.

- Personal selling is inter-personal communication with one or more prospective purchasers for effecting sales. Examples include sales calls by a field representative (field selling) to a store assistant or a sales clerk (retail selling) or a representative calling at the door steps of a house (door to door selling).

- Public relations is a coordinated effort to create a favorable image of a product in the mind of the public by supporting certain activities or programs, publishing commercially significant news in a widely circulated medium, favorable presentations on radio, television or stage that are not necessarily paid for by the sponserer.
• Sales promotion consists of a mix of marketing activities that add to the basic value of the product or service for a limited period. These marketing activities stimulate the purchase by a consumer. For example coupons and product sampling stimulate the distributors to promote a product or service (like trade deals) or stimulate the effort of the sales force through contests and meetings.

The aim of this chapter is to introduce the second element of the promotional mix, viz., sales promotion. A frame work for planning sales promotion and the specific techniques used for sales promotion are discussed.

**Sales Promotion: An Overview**

Thirty years ago, sales promotion was viewed as secondary after accounting for advertising, personal selling and public relations. But now the views on sales promotion have changed. Sales promotion is now considered as a promotional tool. Special short-term techniques are adopted to persuade members of a target market to respond or undertake the desired activity. As a reward, marketeers offer something of value in the form of lower cost for a purchased product (example:- lower purchase price, money back or the inclusion of additional value-added material (example:- something extra for the same price)

**Definition of Sales Promotion:**

“Sales promotion includes all activities that enhance and support mass selling, personal selling and help complete and/or coordinate the entire promotional mix and make marketing mix effective”

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This definition of sales promotion makes it as a secondary element of the promotional strategy, less important than advertising and personal selling. This is no longer valid. Today, sales promotion and advertising are complementary promotional strategies.

Another definition is given by the American Marketing Association: “Sales promotion is media and non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product quality.”4 This definition, however, does not encompass all the elements of modern sales promotion.

Kotler defines sales promotion as: “Sales promotion consists of a diverse collection of incentive tools, mostly short-term designed to stimulate quicker and/or greater purchase of particular products/services by consumers or the trade.”5

Roger Strang has given yet a more simplistic definition as “Sales promotions are short-term incentives to encourage purchase or sales of a product or service.”6

Sales promotion can also be defined “as a marketing activity that adds to the basic value of the product for a limited time and directly stimulates consumer purchasing, seller effectiveness or the efforts of the sales force.”7

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4 Committee on Definitions, Marketing Definitions: A glossary of Marketing terms (Chicago: American Marketing Association, 1988) 16
7 Burnett, Promotion management (New Delhi A.I.T.B.S Publishers 1999): 347
Three points provide the key to a better understanding of sales promotion. Firstly, sales promotion is just as important as advertising and requires the same careful planning and development of strategy as other areas of marketing. Secondly, sales promotion may be targeted at three audiences: consumers, retailers and sales force. Finally, sales promotion is a competitive weapon that provides an extra incentive for the target audience to buy or support a particular brand rather than another. It is this extra motivation to purchase or continue support that distinguishes sales promotion from the other three strategies of promotional mix. Unplanned purchases can be directly traced to one or more sales promotion offers.

Sales promotion is often confused with advertising. For instance, a television advertisement mentioning the winners of a contest being rewarded with a free trip to a Caribbean island might be confused as advertising. While the delivery of a message through television media by the marketeers might be labelled as advertising, the contest must be considered as sales promotion. The factors that distinguish between the two are:

1. whether the promotion involves a short-term value proposition (example:- the contest is only offered for a limited period of time)
2. the customer is expected to perform some activity in order to be eligible to receive the value proposed (example:- customer must enter the contest to win a prize).

Sales promotions are used by a variety of organizations both in the consumer and business markets. The frequency and spending levels are higher in consumer products than in other businesses. One estimate by Promotion Marketing Association suggests that in the US spending on sales promotion exceeds that for advertising.
SALES PROMOTION AND THE PROMOTIONAL MIX

The distinction between the sales promotion and the components of the promotion or marketing mix is important in the context of understanding of the basic role of sales promotion and its effective use.

Chart 3.2 lists key differences among sales promotion and advertising, public relations and personal selling.

**Chart 3.2**

Comparison of sales promotion with other elements of promotional mix

<table>
<thead>
<tr>
<th></th>
<th>Advertising</th>
<th>Sales Promotion</th>
<th>Public Relations</th>
<th>Personal Selling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time Frame</td>
<td>Long term</td>
<td>Short term</td>
<td>Long Term</td>
<td>Short/Long Term</td>
</tr>
<tr>
<td>Primary Appeal</td>
<td>Emotional</td>
<td>Rational</td>
<td>Emotional</td>
<td>Rational</td>
</tr>
<tr>
<td>Primary Objective</td>
<td>Image/brand identity</td>
<td>Sales</td>
<td>Goodwill</td>
<td>Sale/Relationship</td>
</tr>
<tr>
<td>Contribution to Profitability</td>
<td>Moderate</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Sales promotion tends to operate on a short time frame, employs a more rational appeal, provides tangible, or real value and is intended to create an immediate sale, thus contributing to high profitability. There are of course a few exceptions. For example, a sales promotion technique like sweepstakes might create only an emotional appeal, but a business to business advertisement is quite rational. In general, however, the attributes noted in the above table have been found quite valid..

These distinctions among the elements of the promotional mix become somewhat blurred, because sales promotion is often used jointly with other promotional techniques. For example, offers of sales promotion like coupons, rebates and contests are often delivered directly to the consumer.
Price deals might be offered by members of the sales force or a public relations department might have partial responsibility for managing a contest. The synergy provided when sales promotion is combined with other promotional elements is its main strength.

The growth of sales promotion

Sales promotion has grown significantly in recent years. Donnelley Marketing had estimated that spending on sales promotion was $135 billion in 1989. This amount was found to be high compared to advertising. About 65% was spent on sales promotion while only 35% was spent on advertising.

Sales promotion is growing annually at 9% while the growth rate for advertising is about 6%. Much of this growth in sales promotion reflects the continuing popularity of couponing, which is used by over 93 percent of all the companies surveyed.

There are several reasons for this dramatic growth in sales promotion and have been listed below. The stimulus has emanated both from the consumer and business alike.

Reasons for consumer acceptance of sales promotion

There are many reasons why consumers accept sales promotion.

• Sales promotion offers consumers the opportunity to get more than they thought it would be possible.

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From the consumer's perspective, sales promotion reduces the risk associated with blind buying. Product sampling, for example, allows consumers to try the product without buying it.

Many people are reluctant to take decisions and need some kind of incentive to make a choice. Sales promotion gives them the extra nudge they need in order to become active customers.

Finally, offers of sales promotion have become an integral part in the buying process, and consumers do expect them.

According to a recent survey of five hundred shoppers sponsored by the Promotion Marketing Association of America,

- 98 percent of shoppers used at least one coupon on a purchase in the past six months; 54 percent used rebates, 26 percent used sweepstakes, and 18 percent used premiums.
- Eight of ten people surveyed said they regularly check newspaper advertisements for coupons, and nearly half of them said they also look for the other three types of promotional offers;
- 70 percent said they bought a new product because of a coupon offer, 40 percent because of a premium offer, 20 percent because of a sweepstakes offer, and 38 percent because of a rebate;
- 75 percent said they switched to another brand because of a coupon offer, 50 percent switched because of a rebate, 40 percent switched because of a premium, and 20 percent switched because of a sweepstakes offer.  

Acceptance of Sales Promotion by business

The evolution of sales promotion has stemmed by business, especially big businesses.

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9 Russ Bowman, "Coupons Come of Age," Marketing and Media Decisions(February 1990):74
• Product managers find it extremely difficult to project their product in a real sense from those of their competitors. In such a situation, they resort to sales promotion techniques.

• Heads of companies today focus more and more on short-term results. Sales promotion provides an immediate boost in sales.

• The concept of 'economics of scale' means that the greater the number of units produced, the lower the price per unit. Sales promotion has the potential to drive the cost of a product down to a point where the savings would be more than the profit margins lost through the sales promotion.

New technology, especially the computer, has also created greater acceptance of sales promotion by managers eager to measure the results. For example, scanning equipment in retail stores enables manufactures to get rapid feedback on the results of promotion. Redemption for coupons or volume of sales can be obtained within a few days. Changes in sales promotion have to be tailored to suit the situation.

• The sales promotion has also increased because of high cost involved in mass media advertising. Rates for television network are escalating. The share of prime time audiences has dropped to less than two percent. As a result, advertisers of goods are exploring new media forms, especially sales promotion.

• The growing power of retailers has also increased the use of sales promotion. Retailers want custom-designed programs that would help them compete and increase the sales in their market area. Sales promotion is an effective and satisfying means to this demand.

There are, however, a few drawbacks in sales promotion
**Drawbacks in Sales Promotion**

- While sales promotion is an effective strategy for creating immediate, short-term, positive results, it is not a means to market a bad product, or a remedy for bad advertising and inferior sales force. For example, consumers may use a coupon for their first purchase of a product, but later the product must itself be capable of sustaining in the market.

- Sales promotion activities might also bring in several negative effects. Competitive promotional campaign is bound to emerge since any new approach is quickly copied by competitors. Promotional efforts are generally creative but more often increasing discounts are resorted to get the attention of consumers and the trade alike.

- Consumers and retailers have learnt how to take advantage of the game of sales promotion. For example, consumers are prepared to wait to buy certain items, sensing that prices are bound to be reduced.

- The most severe criticism levelled at sales promotion is that it is likely to diminish the image of the brand. It might take years to build a positive equity to a brand. Brand equity is the positive trust, faith, and credibility associated with a particular brand.

  Despite its limitations, sales promotion has come to stay as a viable promotional strategy. It has the ability to enthuse the consumer to buy. When properly combined with other marketing techniques, it certainly produces good results.

**Planning a Sales Promotion**

Sales promotion must form an integral part of promotional planning of a company along with advertising, personal selling and public relations.
The planning process of sales promotion involves the following steps:

i. to assess the environment

ii. to develop objectives and

iii. to select appropriate strategies like
   a. selecting the tools for sales promotion
   b. deciding on how to combine the tools and
   c. deciding on how to implement the sales promotion.

1. Assessing the environment

   Many factors, both inside and outside the organization determine whether sales promotion is warranted and if so, which of the techniques would be quite effective. Some companies, like Mercedes-Benz, made an internal policy that prohibited use of sales promotion devices. Some professions, such as health care, consider it denigrating to adopt sales promotion.

2. Developing objectives

   Once having assessed the environment, the next step is to develop the specific objectives. The sales promotion statement requires a three-tiered format. There must be separate sales promotion objectives for the sales force, for the consumer and for the retailer.

3 Selecting the appropriate strategies

   The most difficult step in the management of sales promotion is to decide which of the sales promotion tools to adopt, how to combine them and how to deliver them. The choices are numerous, and the combinations appear endless. Every method has its own advantages as well as disadvantage. The result, when used with another technique or
delivered through a different medium will be quite different. Having a thorough understanding of the various sales promotion techniques is necessarily the first step.

Some of the factors that influence the choice of sales promotion tools are as follows:

1. **The Organization’s Promotional Objectives**: If a company desires to create a dramatic and positive change in the attitudes of the consumer, sales promotion techniques such as premiums and samples would be appropriate that would yield benefits in the long run.

2. **The Target Market for Sales Promotion**: The target market for the Radisson Hotel Chain is the frequent business traveller. Extra services, discounts for frequent visits are some of the sales promotion techniques and they have worked well in this field.

3. **The Nature of the Product; its competitive position and its stage in the life cycle** do influence the choice of the technique of sales promotion.

4. **The Cost of the Tool**: Product sampling is essentially an expensive sales promotion technique, when if special packaging or labeling is required. Price discounting technique requires only inexpensive stamping on the product.

5. **The Current Economic Conditions**: When the economy is down, consumers tend to be motivated by tangible savings such as discounts, rebates and coupons. Rewards like premiums work well in a strong economy.

Combining various sales promotion tools is also a part of the strategy. Planners of sales promotion should consider three main questions.
i. How would these tools be perceived by the three target audiences?

ii. How best the various tools of sales promotion could be combined in practice?

iii. Can or should sales promotion be integrated with other elements of the promotional strategy?

A final decision in selecting the strategy, besides choosing the tools and the ways of combining them, is choosing the type of medium to use in delivering the promotional efforts. Coupons are delivered through print media such as newspapers, magazines and direct mail. Contests and sweepstakes are often quite exciting if they are announced on television. Product sampling can be done through a few magazines.

CLASSIFICATION OF PROMOTIONS

There have been only a very few discussions in the literature pertaining to sales promotion as to how different types of promotion have to be classified. One method that has been suggested to classify different promotional methods, is the price versus non-price nature of the promotion (Campbell and Diamond, 1992; Blattberg and Neslin, 1990). Price promotions are defined as ‘promotions through coupons, cent-off, refunds and rebates which temporarily appear to reduce the cost of the goods or service’ (Cooke, 1983). These promotions focus on the reduced economic outlay required to obtain a commodity or service. Non-price promotions are defined as ‘promotions such as

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giveaways or contests in which value is temporarily added to the product at full price’ (Cooke, 1983). A list of the different types of price and non-price promotions and their definitions is shown in Chart 3.3.

**Chart 3.3**

**Classification of different promotions**

<table>
<thead>
<tr>
<th>Nature of Promotion</th>
<th>Price Promotions</th>
<th>Non – Price promotions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer</td>
<td>Definition</td>
<td>Offer</td>
</tr>
<tr>
<td><strong>Price Off</strong></td>
<td>Offers a discount on the normal selling price of a product</td>
<td><strong>Extra Product</strong></td>
</tr>
<tr>
<td><strong>Coupon</strong></td>
<td>Offers a certificate that provides a price reduction at the point of purchase</td>
<td><strong>Premium</strong></td>
</tr>
<tr>
<td><strong>Rebate</strong></td>
<td>Offers cash back from the manufacturer on a purchase</td>
<td><strong>Contest</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Sweepstake</strong></td>
</tr>
</tbody>
</table>

Definitions paraphrased from Balttberg and Neslin, 1990

Though a wide variety of price and non-price promotions are launched in the market, most of the academic research on promotions has focused on price promotions namely ‘price offs’ and ‘coupon offers’. Promotional tools such as free gifts offers, extra product offers are increasingly being used in the market. Only, of late, researchers have started comparing consumer response to different promotional techniques e.g. price promotion versus premium promotion (Nunes and Park, 2003) or extra product promotion versus price promotion (Smith and Sinha, 2000). These researchers have found that different types of promotions evoke different responses.

13 ibid

The different promotions launched in the Indian market for the years during the period 1996 to 2003 are tabulated in Table 3.1.

### Table 3.1

**Different types of promotion launched during 1996-2003**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Values in Percent)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price off</td>
<td>4%</td>
<td>9%</td>
<td>8%</td>
<td>4%</td>
<td>6%</td>
<td>4%</td>
<td>7%</td>
<td>16%</td>
</tr>
<tr>
<td>Free Gift</td>
<td>53%</td>
<td>53%</td>
<td>61%</td>
<td>50%</td>
<td>50%</td>
<td>59%</td>
<td>67%</td>
<td>58%</td>
</tr>
<tr>
<td>Sweepstake</td>
<td>16%</td>
<td>11%</td>
<td>7%</td>
<td>15%</td>
<td>6%</td>
<td>7%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Extra Product</td>
<td>11%</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
<td>28%</td>
<td>7%</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Contest</td>
<td>7%</td>
<td>4%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>7%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Exchange offer</td>
<td>0%</td>
<td>4%</td>
<td>5%</td>
<td>4%</td>
<td>0%</td>
<td>4%</td>
<td>0%</td>
<td>11%</td>
</tr>
<tr>
<td>Buy two items and save</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Others</td>
<td>2%</td>
<td>6%</td>
<td>8%</td>
<td>23%</td>
<td>10%</td>
<td>12%</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total Samples</strong></td>
<td>75</td>
<td>464</td>
<td>127</td>
<td>26</td>
<td>18</td>
<td>27</td>
<td>15</td>
<td>19</td>
</tr>
</tbody>
</table>

The frequency of promotions across different sectors of FMCG, Consumer Durables and Services are presented in Table 3.2.

### Table 3.2

**Frequency of promotions across FMCG, consumer durables and services**

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMCG</td>
<td>349</td>
<td>45</td>
</tr>
<tr>
<td>Durables</td>
<td>341</td>
<td>44</td>
</tr>
<tr>
<td>Services</td>
<td>82</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>772</td>
<td>100</td>
</tr>
</tbody>
</table>
The frequency of occurrence of promotions is similar between FMCG (45%) and Durables (44%) sectors. The Services sector accounts for the lowest number of promotions. Within FMCG, the most frequently promoted product categories are soap, detergent liquid/powder and tea. These are also product categories with highest level of market penetration (NCAER: Indian Market Demographic Report, 2002). Within Durables, the most frequently promoted ‘product categories’ are colour television and personal computer. The most frequently ‘promoted categories’ in the Services sector are Fast Food Restaurants and Cellular Phone Service.

**Different Types of Consumer Promotions**

Consumer sales promotions are directed at the ultimate users of the product. Typically, the items chosen for these promotions are products that are commonly used by individuals, especially the products in the local supermarket.

Variety, flexibility and motivation to act are the main components of consumer sales promotion. Many techniques could be combined to meet almost any objective of the planner of a sales promotion. Any target market can be reached through some type of sales promotion. Flexibility in sales promotion ensures that it can be adopted by all types of businesses, small or large, those selling goods or services, and those that are for profit or nonprofit. As the use of sales promotion techniques continues to increase, companies must consider what they hope to achieve through their consumer promotions and how they would interact with other promotional activities such as advertising, direct marketing and personal selling. When marketeers implement sales promotion programs without considering their long-term cumulative effect on the brand’s image and position in the market place, they often do nothing more than create short-term spikes in the sales graph.
Not all sales promotion activities are designed to achieve the same objectives. As with any promotional mix, marketeers must plan consumer promotions by conducting a situational analysis and determining the specific role of sales promotion in the integrated marketing program. They must decide on what the promotion is designed to accomplish and to whom it should be targeted. Setting clearly-defined objectives and measurable goals for their sales promotion programs would force the managers to think beyond the short-term results.

While the basic aim of most of the consumer-oriented sales promotion programs is to induce the purchase of a brand, the marketeer might have a number of different objectives for both new and established brands. For example, achieving trial purchase or repurchase, increasing consumption of an established brand, retaining the present customer base, targeting a specific market segment, or enhancing advertising and marketing efforts are a few.

**Trial and Repurchase**

One of the most important uses of sales promotion techniques is to encourage consumers to try a new product or service. While thousands of new products are introduced in the market every year, as many as 90 percent of them fail within the first year itself. Many of these failures are attributed to the fact that the new product or brand lacks the promotional support needed either to encourage initial trial by a set of consumers or to induce enough of those trying the brand to repurchase it. Many new brands are merely new versions of an existing product without any additional unique benefits. Hence advertising alone cannot induce a trial purchase. Sales promotion tools thus have become an integral part of the introduction of any new brand. The level of initial trial can be increased through techniques such as sampling, couponing and refund offers.
The success of a new brand depends not only in making an initial trial purchase but also on inducing a reasonable percentage of people who try the brand to repurchase it and establish an ongoing purchase pattern. Promotional incentives such as coupons or refund offers are often included with a sample to encourage repeat purchase after a trial. For example, when Lever Brothers introduced its Lever 2000 brand of bar soap, it distributed millions of free samples along with a 75-cent coupon. The samples enabled the consumers to try the new soap, while the coupon provided an incentive to purchase it.

**Increasing Consumption of an Established Brand**

Marketeers attempt to increase sales for their established brand in several ways and sales promotion does play an important role. One way to increase the consumption of a product is by identifying new uses for the brand. Another strategy for increasing sales of an established brand is to use promotions that attract nonusers of the product and users of a competing brand.

**Retaining Existing Customers**

With new brands entering the market and competitors attempting to take away their customers through aggressive advertising and sales promotion efforts, many companies are turning to sales promotion programs to retain the present customer base and maintain their market share. A company can use sales promotion techniques in several ways to retain its current customer base. One way is to load them with the product, taking them out of the market for a certain interval of time. Special price promotions, coupons, or bonus packs can encourage consumers to stock up a particular brand. This not only keeps them using the company’s brand but also reduces the likelihood of their switching over to other brands in response to a competitor’s promotional efforts.
Targeting a Specific Market Segment

Most companies focus their marketing efforts on specific market segments and are always looking for ways to reach their target audiences. Many marketeers are finding that sales promotion tools, such as contests and sweepstakes, events, coupons and samples are very effective ways to reach specific geographic, demographic, psychographic and ethnic markets. Sales promotion programs can also be targeted to specific user-status groups, like non users or light users.

Enhancing Integrated Marketing Communications and Building Brand Equity

The main objective of consumer-oriented promotions is to enhance and support the integrated marketing communications effort for a brand or company. Building brand equity and image has traditionally been done through advertising. However, sales promotion techniques such as contests or sweepstakes and premium offers are often used to draw the attention to an advertisement, to increase involvement with the message and product/service, and help build improved relationship with the consumers.

Some of the key techniques in the consumer oriented sales promotion are:

Price Deals:

A consumer price deal saves the customer money when he or she purchases the product. The price deal is designed to encourage trial use of a new product or time extension to induce fresh users to try a mature product, or to persuade existing customers to hold on to their brand, increase their purchases, accelerate their use, or purchase multiple units of an existing brand. Price deals work best when price is the primary criterion considered by the consumer even when brand loyalty is low. There are four principal types of consumer price deals. Price discounts, price pack deals, refunds (rebates) and coupons.
Price Discounts:

Customers learn about price discounts, or cent-off deals, either at the point of sales or through advertising. At the point of sales, the price reduction might be listed on the package or on signs near the product or in store-front windows. Advertising that notifies consumers of an upcoming discount offer includes fliers, and advertisements in newspaper and television. Price discounts are particularly prevalent in the food industry of local supermarkets.

Determining the quantum of discount to offer is of course, difficult. Experts recommend at least 15 to 20 percent off the regular price, but the exact amount may depend on product categories. Pre-trials of various amounts would be necessary.

For existing customers, discounts are perceived as a reward and may induce them to buy in large quantities. But price discounts, by themselves, usually will not motivate people to buy a product for the first time. Other information must be provided through mass media or product sampling.

The main advantages of price discounts are ease of their implementation and flexibility. Such changes are to be made quickly. In addition, the increased volume of sales as a result of discount might generate more profitability, because of economics of scale. Yet another advantage of discount on price is the attention it draws and its obvious effect on decisions at the point of purchase. Experts estimate that anywhere between 30 and 60 percent of purchase decisions are unplanned. A price discount may play a key role in motivating people to buy even when they did not think of a purchase.
There are also many disadvantages of price discounts. Competitors would easily copy and combat such discounts. There is also the danger of triggering a price war in which none is benefited. Discounting causes constant short-term switching to another brand. This makes sales forecasting, product planning and the measurement of objectives very difficult. Further, the effectiveness of price discounts depends very much on making the offer obvious. If the consumer does not notice the new price, the program is bound to fail. Finally, many consumers perceive a strong relationship between price and quality of an item and they might reject the product. Price discounting has been identified as a primary reason for the erosion of brand equity. Once the consumer doubts the price to quality relationship for a particular brand, trust in that brand diminishes.

**Price Pack Deals:**

A price pack deal may take the form of a bonus pack or a banded pack. When a bonus pack is offered, an additional quantity of the product is offered free of cost when a standard size of the product is purchased at the regular price. This technique is commonly used in clearing the stock, like soaps and detergents, food, and health & beauty aids. Examples include Ivory dishwashing liquid which offered an extra three ounces, offering two extra pieces of gum. Prell shampoo gave 30 percent more for the same price of a regular size package.

Although the bonus pack can serve as the basis for a new promotional campaign, it has its own drawbacks. The expense of designing and manufacturing the new packages can prove to be high. Transporting the product and handling and shelving them at the

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15 Don Schultz, “Its time to come up with strategies, not just Tactics,” Marketing News(August 20,1990):11
retail level may be difficult. The manufacturer must have a good rapport with the retailer as their packs would demand increased handling and shelf space.

When two or more packs of a product are sold at a reduced price, a banded pack offer is usually made. Sometimes the products are physically banded together, as is the case with toothbrush-and-toothpaste offer. In most cases, the products are offered in twos, threes or tens format or a smaller sized pack of the product might be attached to the regular one.

The ‘banded pack’ offers essentially the same advantages or disadvantages as the bonus pack. There is some evidence that if the deal is attractive enough, consumers might go in for the promoted product.

One promotion that is generally known as ‘buy more and save’ requires a consumer to buy two or more pieces of an item to avail of the promotional offer. For example, in case of detergent cakes, this promotion requires the consumer to buy three or more soaps/detergent cakes to get one soap/detergent cake free. This promotion appears to be quite popular in categories where the surplus of the product offered on promotion are usually stored for future consumption. In case of FMCG products, this type of promotion brings together products that are used as complementary items. For example, toothpaste and toothbrush or shaving cream and blade together.

**Refunds and Rebates**

Refund, another kind of promotion, is an offer by a marketeer to return back a certain cost when the product is purchased either alone or in combination with other products. Refunds are used to increase the quantity or frequency of purchase, to
encourage customer to stock, to dampen competition by temporarily stalling their consumers out of the market, to encourage postponement of purchase of goods like major appliances and to create on-shelf excitement through special displays. Rebate, a term made popular by the automobile industry, is another form of refund. Unlike price discounts, the consumers look at refunds and rebates as a reward for their purchase. Rebates and refunds, generally increases brand loyalty. As long as it is not complicated and without restrictions this promotional scheme is bound to succeed. Possible formats include a cash rebate plus a low-value coupon either for the same product or for another product of the company or a higher valued coupon alone or a coupon valid for the brand purchased along with other goods of the manufacturer.

An interesting aspect of refund is slippage. A few customers who respond to the refund offer by purchasing the product may not opt for the refund. The more the quantum of slippage, better will be the margin of profit to the marketeer.

Although refunds are likely to enhance brand loyalty at relatively low cost, they, however, bring in distinct drawbacks. Most notably a refund is nothing but a direct discount on the product. If the refund is not attractive enough to enhance sales, it might possibly erode the profitability. Further, refunds by customers are encashed when they return to buy, anyhow. Finally, sales generated through refunds may not be visible immediately, because it takes some time for the consumers to encash the refund cards. To overcome this inevitable delay, some companies mail refund certificates directly to consumers before they come for a purchase. This forces the customer to go in for a purchase and enable him to encash the refund certificate.
Coupons:

In 1859, Grape – Nuts introduced a new promotional technique by offering one cent coupon. Coupons are legal certificates offered by the manufacturer or the retailers that offer specified savings on selected products, when presented for redemption at the time of purchase. Manufacturers bear the cost of advertising their face values and paying retailers the nominal cost for handling these coupons. Retailers who offer double or triple the amount of the coupon bear the extra cost involved. Retailers sometimes, offer their own coupons and also bear the extra cost by paying the face value of the coupon. Retail coupons are equivalent to a cent-off deal.

Coupons have an obvious attraction for the consumers who are quite sensitive to the cost. Research has shown that the tendency to use coupons rises if consumers (1) need to tighten their budgets (2) like to experiment with new products or (3) often-used products that are purchased at regular intervals throughout the year such as breakfast cereals, coffee and plastic garbage bags.16

Coupon distribution:

Manufacturers distribute their coupons in different ways. They could deliver them directly by mail or drop them door to door or deliver at a central location such as a shopping mall. They might distribute them through media like magazines and newspapers, Sunday supplements or freestanding inserts (FSI) in newspapers. They may insert a coupon into a package or attach it to or print it on the package. Coupons may also be routed through a retailer, who would use them to generate and draw customers.

**Coupon costs:**

By 1990, the number of coupons distributed grew to $280 billion, a 5 percent increase in one year. The increase from 1985 to 1986 had been 18 percent. Face values rose between 1984 and 1988. The percentage of coupons with a face value of thirty cents or more doubled in this period. The average face value of coupons redeemed in 1989 was forty-four cents.\(^\text{17}\)

Thus, even though growth in the number of coupons distributed had slowed down, rising face values had increased the cost of sponsoring coupons.

**Are Coupons Effective?**

Are coupons worth their high cost? For the manufacturer, coupons help meet a variety of objectives. A study of the effectiveness of couponing found that coupons have the ability to attract new users, attract brand switchers, increase category consumption, maintain or enhance repeat purchase, defend the market share, gain in-store promotional support, motivate the sales-force, reinforce or enhance print media advertising and gain trial for yet another product.\(^\text{18}\) Thus couponing allows optimum coordination with other promotional activities. Furthermore, consumers who are insensitive to the price continue to pay the full price for the product. Any manager contemplating the use of coupons, however, must weigh the advantages against the cost.

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\(^{17}\) Russ Bowman “Coupons come of age” Marketing and media Decisions (February 1990):74

**Free Gift Offer**

Offer of a free gift is quite popular for a range of products. It offers the consumer an incentive to purchase in the form of a free product or service. Often the product offered free is a complement to the original purchase. At times the free product may be a related product or product used in a similar context. In case of detergent powder or cake the free products are related to cleaning product such as bleaching agent, washing soap, washing powder, bucket, bath soap, floor cleaner and utensil cleaner. The ‘free product’ may be totally unrelated to the original purchase. For example the consumer may be offered a free pen with a soap.

**Extra Product Offers**

Most of the ‘extra product’ promotions (65%) are in the FMCG category where the extra units of product serve as additional consumption units for the consumer. There are no extra product promotions seen in the durables product. In FMCG, the specific products on which the extra product promotion is launched include talcum powder, detergent cake, soaps and hair oil. In the talcum powder industry, the consumer is offered 20% more in the same pack.

**Contests and Sweepstakes:**

Historically, there has been some confusion between the two terms contests and sweepstakes. Stated simply a contest requires the entrant, in order to be deemed a winner, to perform some task (for example, draw a picture, write a poem) which is then judged. This is referred to as a contest of skill. A Sweepstake is a random draw, which may or may not require buying a ticket or purchasing a product. Sweepstakes are sometimes called chance contests. While a contest requires a judging process, a
sweepstake does not. The sweepstake has grown significantly in the recent decades, thanks largely to changes in the legal distinction that determine what is and what is not a lottery. Before these legal changes, participating in a sweepstake carried a stigma of being associated with gamblers or an organised crime. A lottery is an activity that involves the award of a prize on the basis of chance. However one has to necessarily partake in a lottery. In a sales promotion, the advertiser requires the box-top or any other token of having made a purchase. For a long time, advertisers employed contests, thus eliminating the element of chance and removing the stigma of lottery. The familiar “twenty five words or less” contest and many other such promotional activities were quite common. However, liberalisation of legal interpretations, enabled one to demand for a sales receipt as proof of purchase, made sweepstakes acceptable and workable propositions for the advertiser.

In addition to legal changes, concern for costs encouraged the switch over to sweepstakes. Judging and processing the contests are, however, certainly expensive procedures.

Further the level of participation in contests appears to be low. As a result, contests have yielded place to sweepstakes. Today, contests require participants to compete for a prize based on some kind of a skill or ability. But sweepstakes require the participants just to submit their names for a draw or any mode of ‘chance selection’.

There are a few criticisms levelled against the use of contests and sweepstakes. Most notably, designing an effective contest or sweepstake is not only costly, but selecting an appropriate prize is also rather difficult. The prize must be attractive to the consumer, yet it must not overshadow the product. The selection of medium employed to
announce a contest may also prove to be complex and costly. Critics suggest that contests generate more ill-will than goodwill. Yet another criticism concerns the effectiveness of these contests. It is also equally difficult to assess the level of increase in sales as a result of a contest or sweepstake.

The arguments in favor of contests are equally convincing. The primary argument is that contests and sweepstakes not only generate mass interest and excitement but also provide a new mode for the company to advertise. Contests appeal to the consumer, as well, as they induce him to compete and win. The prize announced enhances that desire to participate and win.

A good contest has the ability to gain a high degree of involvement of a customer, to revive sagging sales and also to excite the dealers and salesmen.

**Event Sponsorship:**

According to International Events Group (IEG), companies spent over two billion dollars annually associating their products with every thing from jazz festivals to golf tournaments and car races. In fact some companies have separate division or departments to handle these special events.

There are several reasons as to why many marketeers jump at the band wagon of special events. Primarily, events tend to attract a homogenous audience that is quite appreciative of the sponsors of the events. If a product fits an event, the impact of the sales promotion will be quite high. Secondly, event sponsorship has the support from trade and also from their employees. Employees who do manage the event are likely to receive recognition and rewards.
Event sponsorship does have two pitfalls. The first is a poor match between the event and the company. For example, through trial and error, cigarette manufacturers Philip Morris tobacco and RJR Nabisco, Inc. learnt to sponsor sports events that do not require particularly high degree of physical fitness. They would not consider sponsoring running, track and field, or gymnastic events. Second, many uncontrollable factors can influence an event. Poor planning, poor weather, an unpopular winner or bad losers can all destroy the spirit and purpose of the event. Philip Morris had sponsored the Virginia Slims’ world championship professional tennis series for women from 1970. But in 1990 pickets outside the tournament protested the involvement of a cigarette company, and an attempt was made to replace the sponsor.

**Premium Offers**

A premium is a tangible reward awarded for performing a particular act, usually purchasing a product. The premium may be a free gift or getting extra quantity of a product. A few examples of premium offers are receiving a prize in a cracker Jack box, a free glass tumbler with a purchase of detergent or a free atlas with the purchase of Allstate Insurance. The premium industry generated over fifteen billion dollars as revenue in 1989, with an annual growth rate of very nearly 83 percent. Consumer premiums represent approximately 45 percent of this total and trade premiums accounted the remaining 55 percent. Companies usually choose premiums that go with their product or that would appeal to their most obvious customers. These varieties of offer of premium fall into two general categories viz., direct premiums and mail premiums.

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19 Incentive marketing (New York: Bell communications, 1990)
Direct Premiums

Incentives that are given at the time of the purchase are called direct premiums.

Four basic variations qualify as direct premium. An incentive given separately at the time of purchase of a product is one. For example, when a man goes to the counter to pay for his new suit he finds that it comes along with a direct premium of a hanging storage device. Secondly, in-packs are inserted into the package at the factory. Planters Nuts, for example, included a nut dish inside its fancy nuts package. Thirdly on-packs are another form of factory pack that are attached firmly outside the package by a plastic band, sleeve, or other device. A free toothbrush attached to Colgate toothpaste is yet another example. Lastly, the container premium is the reversal of the 'in-pack'. Putting a product inside the premium. For example, Bru Instant coffee powder is put inside an attractive jar.

Mail Premiums:

Unlike direct premiums, mail premiums require the customer to take some action in order to receive the premium through the mail. The self liquidator is the primary type of mail premium. It was invented during the great depression of the 1930s, a period of enforced thrift.20

Savings measured in terms of pennies were important to the average consumer at that time. Since promotion budgets were often tight, the idea of giving a premium that did not cost much was quite attractive. The self-liquidator was the answer. It was called self-liquidating because the price the consumer paid for the premium was identical to the cost incurred by the advertiser. In other words, the premium liquidated itself.

A self-liquidating premium is offered in return for one or more proofs of purchase and the payment of a charge that covers the cost of the item, handling, mailing, packaging and taxes (if any). The premium represents a bargain, since the consumer cannot buy this item in the market for that reduced price. The major disadvantage of self-liquidating premiums is the delay in receiving the premium by the customer. The food industry is, by far, the largest single user of the self-liquidator; other heavy users of mail-in promotions are detergents and cleansers, toiletries, beer and soft drinks. The self-liquidating premium involves extensive supermarket displays.

There are two other types of mail-in premiums. The first is the coupon plan or continuity-coupon premium. The customer saves coupons or special labels attached to the product. Usually a catalog describes the prizes and the redemption process. The second one, free-in-the-mail premiums require the consumer to mail a request along with the proof of purchase to the advertiser.

Using Premiums:

Premiums may be used to attract customers to a particular store, to buy a particular product, or to encourage the purchase of larger quantities of a product. The objective of a premium is to make up the cost of a premium by increasing the sales. In the fall of 1989, Kal. Inc., a Los Angeles–based vitamin tablet maker, attached dinosaur–shaped pencil caps to the bottles of vitamin for children. “We sold a year’s worth in two and a half months,” said the director of marketing, Gary Nelson.21

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21 Bradley Johnson, “Promo recalls mean new sensitivity,” Advertising Age (June 18, 1990):76.
Critics argue that premiums would encourage buyers to keep switching brands and poorly designed premiums on the other hand can create problems.

Marketeers view premiums as a method of rewarding customers without cutting the price. Premiums are considered a true value-added item and are replacing refunds and couponing. Premiums often play a big role in continuity programs that reward the customers for repeat purchases.

**Continuity Programs:**

The intent of a continuity program is to make the customer to go in for a particular brand for a longer period by offering ongoing incentives. While self-liquidating premiums are one-shot deals, the continuity programs require consumers to keep saving something before they could claim the premium. Trading stamps, made popular in the 1950s and 1960s by companies such as S&H and Gold Bond, is an example. Today, frequent-flyers in an airline, frequent-traveller plans at clubs and hotels are examples of modern continuity programs. Maintaining brand loyalty through a continuous reward program is what a continuity program is all about.

The success of a continuity program depends on a thorough understanding of loyal customers and their motivation. What the consumer values and how he/she makes trade offs are to be ascertained. There is also a need to evaluate the benefits of maintaining loyalty.

**Consumer Sampling:**

One of the keys to success for many marketeers is getting the product somehow into the hands of the consumer. In a few cases, particularly if the product is new or is not
a market leader, an effective strategy is sampling by the consumer – giving the product to the consumer either free or for a nominal price.

The first rule of sampling by a customer is to use this technique only when the product virtually is capable of selling itself. Secondly, it is important to give the consumer enough of the product to accurately assess its quality.

Should a product be provided free or should a nominal charge be imposed? Giving the product away guarantees that the target market is sampled but does not necessarily ensure that the product will actually be put to use. Many samples are small and the consumer can easily discard them or put them away for future use. In addition, some consumers view products that cost nothing as being of no value. The nominal fee charged helps to defray the costs of this promotional technique. But any charge, no matter how small, works against the basic idea of sampling and may defeat the very purpose of sampling.

Products that are sampled more often are low in price and have a high turnover (for example bubble gum, detergents and deodorants). But highly expensive products like wines and perfume could also be sampled selectively with certain target markets. For example, yogurt was tasted and sampled in the grocery store itself. Even service products can be effectively sampled. Health clubs attracting members by offering free visits to the club to a select group of people is another example.

**Distribution Techniques:**

There are several ways of distributing samples to the consumers. The most popular one is through the mail. However, the tremendous increase in postage costs,
combined with packaging and bundling makes this method increasingly less attractive. An alternative is to use organizations that specialize in door-to-door distribution. Door-to-door distribution is particularly attractive when the items are bulky. It permits selective sampling in certain neighbourhood dwellings.

Samples may also be distributed in conjunction with advertising. An advertisement may include a coupon that the consumer can mail in for the product, or an address may be mentioned in the body of an advertisement. A product can also be sampled directly through prime media using scratch-n-sniff cards and foil pouches. Using a media to distribute samples is naturally costly.

A product can also be sampled directly through the retailer, who simply sets up a display unit near the product or hires a person to give a product to the consumers as they pass by. This technique helps build goodwill for the retailer and is effective in reaching the right type of consumers. On the other hand, retailers often resent the inconvenience and expect high payments in order to cooperate. This technique might also create conflict with other brands generally sold by the retailer.

An Evaluation:

Numerous arguments support the view that sampling is a viable sales promotion technique. Most notably, sampling appears to help marketeers solve the increasingly difficult problem of getting consumers to notice their products, especially a new one, when “speed of trial” is often the most important ingredient in the brand’s success. Sampling is also effective when an improved or superior brand enters an established category. Sampling is also beneficial when mass advertising cannot demonstrate the benefits of the product. Sometimes a product has to be used in order to be appreciated.
This is particularly true for highly technical products, services and emotion-laden products. Samples can also be distributed in conjunction with other elements of the promotional mix, greatly improving the impact of the overall strategy. Pharmaceutical sales representatives, for example, use product sampling with physicians as an ongoing strategy. The job of the salesperson is rendered easy when the product is actually in the hands of the consumer. Sampling may be the primary reason why retailers select one product over another. Finally, consumers like samples especially when there is no risk involved.

The criticisms on sampling are also real. Sampling costs may be negligible when the overall results are considered. Measuring the effectiveness of sampling is difficult. The most serious criticism is that marketeers may not be able to determine precisely whether the product is appropriate for the purpose of sampling. A sample will convince the customer only if the product is unique or of exceptional quality. Finally, sampling may also create a negative image. For many, sample products are synonymous with junk mail and are usually resented.

In summary, when sampling is used as a part of a coordinated promotional campaign to introduce a new product or to expand the trial of a current one, the effect on initial trial and subsequent repurchase can be strong enough to defray the expenses of sampling.

**Demonstrations**

Customers being shown through demonstration how the products are to be used helps to improve the sale of the product. Whether the demonstration is experienced in person or through television or internet, this promotional technique can produce highly effective results. Unfortunately, demonstrations are quite expensive. Costs involved in
demonstrations include paying for the expense of the demonstrator which can be high if the demonstrator is a celebrity and also paying for the space where the demonstration is held.

**Personal appearances**

Personal appearance by someone of interest to the target market, like an author, sports figure or celebrity is yet another form of sales promotion. It is capable of generating customer traffic to a physical location. However as with demonstrations, personal appearance promotion can be expensive. Since the marketer normally has to bear the fee and expenses of the person for his/her appearance.

**Managing Consumer Sales Promotions:**

Sales promotion techniques have many pitfalls. A clutter of promotion and the tendency of promotions to diminish the value of the brand are the two main inherent drawbacks.Repeated use of price-related techniques might reduce the perceived value of the product. More specifically, consumer couponing is now so pervasive that some consumers will not buy the product unless the coupon is offered. Continued use of price-related sales promotion such as coupons may reduce the acceptable price level the customers will consider. Price-sensitive users may switch to another low-priced brand when a price reduction is not offered. Further, some sales promotion techniques might cause consumers to “forward buying”, thus the producers have merely “borrowed” their future sales. Finally, some sales promotion techniques lead themselves to abuse. Misredemption of coupons in some form is likely. Theft of premiums may be a problem if the premiums are easily removable from a pack. Contests and sweepstakes are sometimes prematurely won by consumers who figure out a solution to the games.
Although the use of some of the sales promotion techniques is declining, customer-oriented sales promotions continue to serve several specific objectives.

- to prompt a trial by the users,
- to introduce new or improved products,
- to stimulate repeated use of a product,
- to encourage more frequent purchases or multiple purchases,
- to counter activities of the competitors
- to encourage trade-up in size or cost,
- to keep the customer base by providing an implied reward,
- to reinforce advertising or personal selling and
- to stimulate support by the trade.

SUMMARY OF CONSUMER-ORIENTED PROMOTIONS AND OBJECTIVES OF MARKETEERS

The discussion on the various sales promotion techniques points to the fact that marketeers use these tools to accomplish a variety of objectives. As noted at the beginning of this chapter, sales promotion techniques provide consumers with an extra incentive or reward for engaging in a certain form of behavior such as purchasing a particular brand. For some types of sales promotion tools, the reward the consumer receives is immediate, while for others the reward is delayed and is not realizable immediately. Marketeers often evaluate sales promotion tools in terms of their ability to accomplish specific objectives and consider whether the impact of the promotion will be immediate or will be delayed. The figure 3.3 outlines which of the sales promotion tools
could be used to meet the various objectives of marketeers and identifies whether the extra incentive or reward is immediate or delayed.\textsuperscript{22}

\begin{center}
\textbf{Chart 3.4}
\end{center}

\textbf{Consumer-oriented sales promotion tools for various marketing objectives}

<table>
<thead>
<tr>
<th>Consumer Reward Incentive</th>
<th>Induce trial</th>
<th>Customer retention</th>
<th>Build brand image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sampling</td>
<td>Price-off deals</td>
<td>Events</td>
<td></td>
</tr>
<tr>
<td>Instant coupons</td>
<td>Bonus packs</td>
<td>In and on package</td>
<td></td>
</tr>
<tr>
<td>In-store coupons</td>
<td>In and on package</td>
<td>Free premiums</td>
<td></td>
</tr>
<tr>
<td>In-store rebates</td>
<td>Free premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loyalty programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delayed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media and mail delivered coupons</td>
<td>In-and on package coupons</td>
<td>Self-liquidating premiums</td>
<td></td>
</tr>
<tr>
<td>Mail-in refunds and rebates</td>
<td>Mail-in refunds and rebates</td>
<td>Free mail premiums</td>
<td></td>
</tr>
<tr>
<td>Free mail-in premiums</td>
<td>Loyalty programs</td>
<td>Loyalty programs</td>
<td></td>
</tr>
<tr>
<td>Scanner and Internet delivered coupons</td>
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</tbody>
</table>

It should be noted that in Chart 3.4 some of the sales promotion techniques are listed more than once because they could be used to accomplish more than one objective. For example, loyalty programs can be used to retain the customer base by providing both immediate and delayed rewards. Shoppers who belong to loyalty programs sponsored by supermarkets and receive discounts every time they make a purchase are receiving immediate rewards which are designed to retain them as customers. A few loyalty

\textsuperscript{22} Adapted from Terrence A. Shimp, Advertising, Promotion, and Supplemental Aspects of Integrated Marketing Communication, 4\textsuperscript{th} ed. (Fort Worth, TX: Dryden Press, 1997), p.487.
rewards programs such as frequency programs used by airlines, car rental companies and hotels offer 'delayed rewards' requiring that users accumulate points to reach a certain level or status before the points can be redeemed. Loyalty rewards program can also be used by marketeers to help build brand equity. For example, when an airline or car rental company sends its frequent users upgrade certificates, the practice helps build personal relationships with the customers and thus contributes to brand equity.

As seen above, some techniques are ideally suited in meeting some of these objectives. Chart 3.5 summarizes the appropriate objectives for specific techniques.

**Chart 3.5**

**Some sales promotion techniques**

<table>
<thead>
<tr>
<th>Technique</th>
<th>Objectives</th>
<th>Method of Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price deals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Price discount</td>
<td>Stimulate incremental and trial purchases, increases purchases per transaction</td>
<td>Point of purchase, mass media, cent-off label, bonus pack.</td>
</tr>
<tr>
<td>Refunds (Rebates)</td>
<td>Stimulate trial purchase and encourage multiple purchases</td>
<td>Sales force, direct mail, mass media, in-pack or on-pack.</td>
</tr>
<tr>
<td>Coupons</td>
<td>Stimulate trial purchases, encourage multiple purchases, motivate re-sellers and encourage consumer trade-up.</td>
<td>Sales force, direct mail, newspapers, magazines, FSI’s, in-pack or on-pack. Sales force, mass media, direct mail.</td>
</tr>
<tr>
<td>B. Contests and Sweepstakes</td>
<td>Encourage multiple purchases, enhance brand image, create enthusiasm.</td>
<td>Self-liquidator, in-pack or on-pack, point of purchase, proof of purchase.</td>
</tr>
<tr>
<td>C. Premium Offers</td>
<td>Add value, encourage multiple purchases, stimulate trial purchases.</td>
<td>Sales force, mass media, direct mail.</td>
</tr>
<tr>
<td>D. Continuity Programs</td>
<td>Maintain consumer loyalty.</td>
<td>In-pack or on-pack, direct mail,</td>
</tr>
<tr>
<td>E. Samples</td>
<td>Stimulate trial purchases, encourage consumer trade up.</td>
<td>Magazines, point of purchase.</td>
</tr>
</tbody>
</table>
Planning the consumer promotion implies that techniques adopted do match the objectives. It is essentially the responsibility of the experts in the advertising department of the company. Only then, sales promotion could be effectively implemented.

Viewing consumer sales promotion as a strategic element of the promotional mix is fairly recent. For many years, the terms ‘on sale’ and ‘sales promotion’ were considered synonymous. Sales promotion was earlier viewed as a negative alternative, implemented in a state of distress or desperation. All this has changed. Given to the increased tendencies of consumers to want more value for their money, consumer promotion has been growing. It does require very careful planning and execution.