



RKDF University, Bhopal
Open Distance Learning (ODL) Material

Faculty of Commerce

Semester –II

Subject- Advertising Sales Promotion & Management

Syllabus

| Units | Topic | Duration (In Hours) | Marks |
|--------------|--|----------------------------|--------------|
| I | Historical Background of sales Promotion in India. Nature and importance of sales promotion – Definition, Functions and limitations, Objectives, Sales Promotion Budget, Role in marketing. | 12 | 20 |
| II | Forms of sales promotion- Consumer Oriented, Trade Oriented, Sales Force Oriented | 12 | 20 |
| III | Major tools of sales promotion- Samples, Display and Demonstration, Fashion shows, Sales Contest, lotteries, gift offers, rebates, rewards | 12 | 20 |
| IV | Sales promotion- Requirement identification, Designing of sales promotion campaign, Involvement of salesmen and dealers, Outsourcing sales promotion, National and International promotion strategies, coordination within the various promotion techniques. | 12 | 20 |
| V | Developing Sales promotional programme, pre-testing implementing, evaluation of results and making necessary modifications. | 12 | 20 |

UNIT – I

Historical Background of Sales Promotion in India

The historical background of sales promotion in India can be traced back to the early 20th century when various sales techniques and practices were introduced in the country. However, the concept of sales promotion as a strategic marketing tool gained prominence in India during the post-independence era, particularly in the 1970s and 1980s.

Here's a brief overview of the historical background of sales promotion in India:

1. Pre-independence era:

- During the colonial rule, some basic sales promotional techniques, such as advertising and personal selling, were used by various companies to promote their products and services.
- However, the overall marketing and promotional landscape was relatively underdeveloped compared to other parts of the world.

2. Post-independence era:

- In the 1950s and 1960s, as India transitioned to a mixed economy, the focus shifted towards industrial development and import substitution.
- During this time, the government introduced various policy measures and regulations, which had a significant impact on the marketing and sales promotion practices in the country.

3. 1970s and 1980s:

- The liberalization of the Indian economy in the 1970s and 1980s led to increased competition and the introduction of multinational companies.
- This period saw the rapid growth and diversification of sales promotion techniques, such as coupons, discounts, contests, and loyalty programs, as companies tried to gain a competitive edge.
- The rise of consumer culture and the growth of the middle class also contributed to the increased use of sales promotion activities.

4. 1990s and beyond:

- The economic liberalization and globalization of the Indian economy in the 1990s further accelerated the adoption of sales promotion strategies.
- The emergence of modern retail formats, the growth of e-commerce, and the increased use of digital marketing have further transformed the sales promotion landscape in India.
- Today, sales promotion is an integral part of the marketing mix for various industries and is used extensively by both domestic and multinational companies.

Nature and importance of sales promotion

Sales promotion refers to various marketing activities and techniques used to encourage the purchase or sale of a product or service. It is a short-term strategy that aims to boost immediate sales, increase brand awareness, and encourage customer loyalty.

Nature of Sales Promotion:

1. **Temporary:** Sales promotions are typically short-term and designed to create a sense of urgency or scarcity to drive immediate sales.
2. **Incentive-based:** Sales promotions offer customers an incentive, such as discounts, coupons, free samples, or contests, to encourage them to make a purchase.
3. **Targeted:** Sales promotions are often targeted at specific customer segments or target markets to maximize their impact.
4. **Complementary to Advertising:** Sales promotions are often used in conjunction with advertising campaigns to enhance their effectiveness.

Importance of Sales Promotion:

1. **Increase Sales:** Sales promotions can help drive immediate sales and boost revenue for a business.
2. **Attract New Customers:** Promotional offers can be used to attract new customers and encourage them to try a product or service.
3. **Retain Existing Customers:** Sales promotions can also be used to reward and retain existing customers, building brand loyalty.

4. Differentiate from Competitors: Unique sales promotions can help a business stand out from its competitors and make its offerings more appealing to customers.
5. Gather Customer Data: Sales promotions can provide valuable insights into customer behavior and preferences, which can inform future marketing strategies.

Definition, Functions and limitations, Objectives

Definition: Sales promotion refers to the various marketing activities and techniques used to encourage and persuade customers to buy a product or service. It includes activities such as discounts, coupons, free samples, contests, and other incentives that are designed to stimulate immediate or short-term sales.

Functions and Limitations:

1. Functions:

- Increase short-term sales and customer traffic
- Differentiate the product or brand from competitors
- Introduce new products or services
- Reward loyal customers
- Clear out excess inventory
- Attract new customers or reach a specific target audience

2. Limitations:

- Temporary impact on sales, with the effect often fading once the promotion ends
- Potential for brand image dilution if used excessively or improperly
- Increased costs associated with the promotion
- Potential for customer confusion or irritation if promotions are overly frequent or complex
- Difficulty in precisely measuring the effectiveness of a particular promotion

Objectives of Sales Promotion:

1. Increase sales: The primary objective of sales promotion is to drive immediate or short-term increases in sales.

2. Attract new customers: Sales promotions can be used to attract new customers and encourage trial of a product or service.
3. Retain existing customers: Promotions can be used to reward and retain loyal customers, encouraging repeat business.
4. Clear out inventory: Promotions can help businesses clear out excess or slow-moving inventory.
5. Introduce new products: Sales promotions can be used to generate awareness and trial of new products or services.
6. Compete with competitors: Promotions can be used to match or outperform competitors' offerings and maintain market share.
7. Enhance brand awareness: Effective sales promotions can contribute to the overall marketing strategy and help build brand awareness.

Sales Promotion Budget:

Sales Promotion Budget refers to the amount of money a company allocates for its sales promotion activities. Sales promotion includes various techniques and strategies used to increase the sales of a product or service, such as discounts, coupons, free samples, contests, and other promotional offers.

The Sales Promotion Budget is a crucial component of a company's overall marketing budget, as it directly impacts the effectiveness of its sales and marketing efforts. The size of the budget is typically determined based on factors such as the company's sales goals, target market, competition, and the overall marketing strategy.

Role in marketing:

Spreading of Information

Sales promotion is very effective at spreading information about new products and product modifications. Creating awareness of the brand to new markets and customers is another effective use of sales promotion.

When My Pillow has an advertorial during Fox News and provides a code for a reduced price of its renowned pillows, the advertorial serves to tell new customers about the products as well as provide an incentive to purchase the product immediately.

Stimulation of Demand

One of the key elements to good sales promotion is that it stimulates sales in the short term. Sales promotion gives customers an immediate incentive to purchase a product.

Sonic Drive-In (see Figure 15.3) offers half-price drinks and slushes every day from 2:00 to 4:00 as a “happy hour” special. The use of this sales promotion tactic does two things: first, it incentivizes consumers to buy drinks, and second, it provides sales during the slow times of the day.

Customer Satisfaction

Today’s customer is presented with thousands of messages. Companies are driven to get noticed, increase sales, and keep their customers satisfied. Sales promotions are one method a company may use to increase customer satisfaction. A survey from RetailMeNot “showed that coupons can affect brain chemistry and can make customers happier.” The research concluded that an online shopper who received a \$10 coupon was 11% happier and had 38% higher oxytocin levels than those who didn’t get a discount.⁴ Providing the occasional discount can chemically make a customer happier, resulting in a more satisfied customer, who may spend more in the future and may become a loyal shopper.⁵

Stabilization of Sales Volume

Sales promotion can also be used to help stabilize sales volume. Because sales promotion works to incentivize purchase of a product in the short term, companies often use this promotional tactic to drive sales and meet targets. Typical sales promotion tactics used to increase sales include buy-one-get-one-half-off and other specific discounts that are available when used by a certain time. The time element provides the company with the target for the sale, and the customer is provided with an incentive to purchase by a certain time.

UNIT-2

FORMS OF SALES PROMOTION- CONSUMER ORIENTED, TRADE ORIENTED, SALES FORCE ORIENTED CONSUMER-ORIENTED SALES PROMOTION

Sales promotion can be categorized in two ways. The first category of sales promotion is consumer-oriented, which focuses on the consumer pulling the product through the marketing channels. The second category is trade-oriented, which is intended to push the product through the channel to the consumer.

Consumer-oriented sales promotion provides the customer with an immediate inducement to purchase a product. The goal is to have the consumer seek out the product and “pull it” through the marketing channel. There are many common forms of consumer-oriented sales promotion.

Coupons

The goal of **coupons** is to reduce the price of the product and prompt the consumer to make an immediate purchase. The major goal is to increase sales quickly, attract repeat purchases, or try new versions of a product. Consumers using coupons recognize the savings when they relinquish the coupon at the time of purchase. Coupons come in many different forms, including printed, digital, and mobile. Because a coupon has to be redeemed to obtain the reward, manufacturers can determine the effectiveness of the coupon offer and the method of delivery.

The company HelloFresh sends a direct mail piece with a coupon for 16 free meals. When consumers sign up for the home delivery meal plan, this is a great example of how a coupon might be used to create brand awareness and acquire new customers. The direct mail might also include a code to use online for digital application of the offer.

Samples

Samples are most often used to induce trial of a new product. This tactic can be very effective to increase sales volume during the early stages of the product life cycle and to help with better distribution. Samples can be given out in stores, at events, or through the mail. This is an expensive form of sales promotion but can be highly effective at inducing purchase. Costco regularly has samples within its aisles and at the immediate point of sale as consumers are shopping. Another example is from the 2022 SXSW conference in Austin, Texas, when Creminelli Fine Meats distributed free mini packs of salami to showcase the company’s line of “charcuterie-grade snacking” products. The makers of White Claw Hard Seltzer were corporate sponsors of the event; conference-goers were treated to free samples of new flavors, such as Passion Fruit.

Premiums

Premiums are items offered free or at a minimum cost alongside the purchase of a product. Some of the most famous premiums include the McDonald's Happy Meal toys and Cracker Jack ("The more you eat the more you want") with a prize inside. Premiums are very good for attracting new buyers and providing an incentive for customer loyalty. The use of the Happy Meal toy created significant customer loyalty among consumers who wanted to collect all the toys in a series.

Contests

Contests make consumers use their skills to compete for prizes. Using contests allows customers to engage with products and become invested in the process of trying to win something of value. Companies often use contests in coordination with other sales promotion tactics, such as coupons. Doritos regularly includes a contest as part of its advertising. Pepperidge Farm challenged consumers to #GoForTheHandful and create an Instagram duet with pro basketball player Boban Marjanović. The goal was to see if consumers could hold more Goldfish crackers in their tiny hands compared to the large hands of the pro basketball player. Winners were treated to Goldfish for a year and the title of Official Goldfish Spokeshand.⁸ Contests are based on analytical or creative skills.

Sweepstakes

Where contests are based on skill, **sweepstakes** are based on chance. Companies use sweepstakes in order to increase sales volume in the short term. Sweepstakes ask contestants to submit their names for inclusion in a drawing for prizes. Publishers Clearing House conducts one of the most well-known sweepstakes. The company ultimately wants consumers to order magazines; however, the purchase of a magazine is not necessary to enter and win the \$1 million cash prize. However, Publishers Clearing House is able to add to its mailing list when consumers enter to win.

Loyalty Programs

Loyalty programs have increased in popularity. Most of today's loyalty programs are tied to a mobile app. The attractiveness of loyalty programs is that when consumers spend, they get points toward something free. For example, Wired Coffee Bar offers consumers \$5 off of a product in-store when they spend \$50.

Point-of-Purchase Displays

Point-of-purchase displays have been a hallmark in store aisles for decades. The point-of-purchase display allows manufacturers to showcase their products in a way that stands out from all the other products in the store.

Companies typically utilize the point-of-purchase promotion method for new products that are being introduced to the market. Some common forms of point-of-purchase presentations include outdoor signs, window displays, countertop containers, display racks, and self-serve cartons. The key to good point-of-purchase is having a display that attracts customers and enhances the brand image of the product being offered.

Rebates

Rebates provide some type of reimbursement of the cost of a product when the consumer completes certain information about the time, place, and price of the product purchased. Typically, the consumer must submit the rebate form by a certain date and must include receipts or bar codes from the purchase. Rebates usually induce the consumer to buy the product as it is being offered at a perceived cheaper price. Consumers often fail to submit the required materials to receive the rebate, as they might see the process as too laborious.

Trade-Oriented Sales Promotion

Trade-oriented sales promotion is focused on the channel intermediaries: the wholesalers and retailers. The goal is for the intermediary to be incentivized to push the product to the consumer.

Allowances and Discounts

Manufacturers provide the retailers or wholesalers with allowances to pass along in the form of price breaks to the end customer. For example, Ford Motor Company might offer a \$3,000 trade-in allowance for the new F-150. This is an incentive to come into the dealership and buy the F-150. The dealer has the allowance from Ford and is able to pass the savings to the consumer as an incentive to come in and buy a new truck.

Cooperative Advertising

Advertising can be expensive for retailers. Typically, they advertise products they have in stock in an effort to induce consumers to come in and make a purchase. **Cooperative advertising** is a way for manufacturers to help with the cost of the advertising, in exchange for the retailer to advertise the products produced by the manufacturer. When supermarket chain Publix advertises Boar's Head meats and cheeses, Publix is using cooperative advertising from Boar's Head to run the ads featuring Boar's Head products.

Cash Bonuses

Some manufacturers provide bonus cash as an incentive for the retail sales associates to push the manufacturers' products. Bonuses can be given to the sales associate who sells the most or to the store that is the highest sales producer. It is then up to the store to determine how best to use the cash bonus.

Credit Terms

One way for manufacturers to help the retailers and wholesalers who sell their products is to provide them with favourable **credit terms**. Often these terms allow the wholesaler or retailer to sell the products long before actually having to pay for the product.

Dealer Conferences

When companies have dealers who distribute their products, they want to incentivize the dealer sales force to sell the product. Additionally, the dealer conferences are a good method of training and educating dealers to work with customers and ultimately sell the product to them.

Push Incentives

Push incentives work to create demand for a product through discounts that retailers pass on to customers. In the mobile phone industry, Apple may provide a discount on phones through one of its retail partners in an effort to encourage buyers to choose the iPhone through the distributor. Push strategies focus on selling directly to the customer. Typical tactics include point-of-sale displays and direct approaches from the retail store sales professionals to the customers.

UNIT-3
MAJOR TOOLS OF SALES PROMOTION

Some of the methods of sales promotion are as follows:-

1. Consumer/Customer Promotion Method
2. Trade Promotion Method
3. Combined Promotion Method
4. Sales Force Promotion Method
5. Rebate
6. Discount
7. Partial Refund
8. Free Samples
9. Quantity Gifts
10. Product Combination/Bonus Offer
11. Packaged Premium
12. Prize Contest
13. Lucky Draw
14. Trade Fairs and Exhibitions
15. Word – of – Mouth Promotion
16. Telemarketing and a Few Others.

Sales promotion is needed to attract new customers, to hold present customers, to counteract competition, and to take advantage of opportunities that are revealed by market research. Methods used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

1. Free Sampling – Consumer gets one sample free, after their trial and then could decide whether to buy or not, this helps in boosting sales.
2. Offer of Price discounts/price deals – A temporary or seasonal reduction in the price, such as flat 50% off, is a good technique of attracting customers.
3. Money back and Rebates – Consumers are offered money back if the receipt and barcode are mailed to the producer.
4. Loyal customers Reward Points – Consumers collect points, miles, or credits for purchases, and redeem them for rewards, gifts or money
5. Price-pack/Bonus packs offers – The packaging offers a consumer a certain percentage more of the product for the same price for instance, '25 percent extra', '10% extra', is seen mostly on goods. In yet another type of deal a customer is offered two products for the price of one.

In this scenario, bonus pack is disguised as a gain because buyers believe that they are obtaining a free product, though bonus pack is often wasted and is viewed as a “loss” for the consumer as the customer may not want the free product that came along with the purchase.

6. Gift Coupons or cash back coupons – coupons have become a standard mechanism for sales promotions. Many times the discount coupon issued can be redeemed on the next purchase only.
7. Mobile couponing – Coupons are available on a mobile phone. Consumers show the offer on a mobile phone to a salesperson for redemption.
8. Loss leader policy – the price of a popular product is temporarily reduced below cost in order to stimulate other profitable sales.
9. Free-standing insert (FSI) – A coupon booklet is inserted into the local newspaper for delivery, though it may not give the real benefit as mostly customers do not carefully see the pamphlets or stickers in the newspaper.

10. Attaching a small sample in the leading newspapers – especially on weekends or holidays, many companies stick their free samples such as a shampoo pouch as a sales promotion gimmick. In fact this gets noticed and the consumer feels happy on receiving a small gift like this.

Methods of Sales Promotions – Involving the Store/Outlet:

1. Dump bin – this is a very popular method with big stores or Big Bazarr where bins full of products dumped inside are kept at various strategic places in order to attract attention
2. Aisle interrupter – A sign is put up which juts into the aisle from the shelf.
3. Dangler – in order to make a customer take notice, a sign is hanged that sways, every time when a consumer walks by it.
4. Glorifier – A small stage is usually built that elevates a product above other products and glorifies it.
5. Wobbler – it is a sign that jiggles or wobbles and makes the kids, in particular, feel very good about it. Many big departmental stores keep it as a sales promotion gimmick.
6. Lipstick Board – Aboard is built on which messages are written in crayon. This also is an eye catcher and attracts attention.
7. Necker coupon – A coupon placed on the ‘neck’ of a bottle indicating that the particular brand or a particular size has a scheme on it.

Trade Sales Promotion Techniques:

1. Trade contest – A contest is organized with an intention to reward retailers who have sold big quantity of the product.
2. Offering Trade discounts – These are payments to distribution channel members for performing a particular function or achieving a certain target
3. Trade credit period – a bigger trade credit period is offered to the most loyal and big dealer as an incentive.
4. Point-of-purchase displays – this technique is used to create the urge of “impulse” buying and selling the product on the spot.

5. Training programs – dealer employees are trained in selling the product and usually the training programme is kept at attractive destinations.
6. Push money or extra commission – it is also known as “spiffs” wherein extra commission is paid to retail employees to push products.
7. Trade allowances – this refers to short term incentive offered to induce a retailer to stock up on a product.
8. Dealer loader – An incentive given to induce a retailer to purchase and display a product. This is the reason we see some products displayed by the store some better products may not be seen.
9. Trade shows – Thousands of manufacturers display their wares and take orders at trade shows. Trade shows provide unique opportunities. First, trade shows provide a major opportunity to write orders for products. Second, they are a chance to demonstrate products, provide information, answer questions, and be compared directly with competitors.
10. Sales meetings – Sales meetings are usually sponsored by manufacturers or wholesalers. Whereas trade shows are open to potential customers, sales meetings are targeted to the company sales force and/or independent sales agents. These meetings are usually conducted regionally and directed by sales managers and their field force, to explain the product or the promotional campaign, or simply to answer questions.

A fence sitter is a consumer who remains neutral or undecided amongst various alternative products. Such a consumer can be motivated to jump on the side of the marketer through effective advertising.

Brand switching is also known as brand jumping, brand switching is the process of choosing to switch from routine use of one product or brand to steady usage of a different but similar product. Much of the advertising process is aimed at encouraging brand switching among consumers, thus helping to grow market share for a given brand or set of brands.

For a marketer resorting to sales promotion, a variety of tools and techniques are available. Sales promotion letters, catalogues, point of purchase displays, customer service programmes, demonstrations, free samples, discounts, contests, sweepstakes, premiums and coupons are the commonly employed methods of sales promotion.

1. Consumer/Customer Promotion Methods:

The consumer promotion methods of sales promotion are the methods which directly encourage consumers to buy the product in more and more quantity.

These methods may be as follows:

(i) Distribution of Free Samples:

Under this method, the producer distributes free samples of the product to consumers. They are also given to introduce a new product and expand the market. It increases the sales volume when the product is new to customers. It is an effective device when the product is purchased often, i.e. soaps, detergents, tea, coffee etc.

It is a method of demand creation. Sampling gives a change to consumers to compare products with other substitutes. Samples are given to doctors by medical representatives. The specimen copies of books are given to teachers. The idea behind this is that they recommend these products for use to patients or students.

(ii) Coupons:

Coupons are supplied along with products. A coupon is a certificate that reduces a price. When a buyer gives a coupon to the dealer, he gets the product at a lower price (Regular price is Rs.100; with a coupon it may be Rs.80). Coupons (same as money) are accepted as cash by retailers.

Coupons normally perform two specific functions for the manufacturer. Firstly, they enthruse consumers to exploit the bargain. Secondly, they serve as an inducement to the channel for stocking the items.

The manufacturer thus succeeds in attracting consumers as well as in prompting the channel to stock the merchandise by introducing coupons. They are useful for introducing a new product as well as for strengthening the sale of an existing product.

According to John F. Luick and Ziegler, "A coupon is a certificate that when presented for redemption at a retail store, entitles the bearer to a stated saving on the purchase of a specific product."

(iii) Price Reduction or Price off Promotion:

It stimulates sales during a slump season. It gives a temporary discount to the consumers, i.e. goods are offered at a rate less than the labelled rate. Fans are sold at a reduced rate in rainy and winter seasons.

For example, Hawkins pressure cookers have come up with several sales promotion schemes during the last few years.

(iv) Contests:

For sales promotion different contests are conducted by producers.

According to John F. Luick and W.L. Ziegler, “A contest is sales promotion device in which the participants compete for a prize or prizes on the basis of their skills in fulfilling a certain requirement, usually analytical or creative.”

In these competitions questions are put to customers. Sometimes pictures are printed to test the general knowledge of customers and they are asked to give the detailed description of these pictures. No fees are charged from customers for participating in these competitions.

But they have to send the empty packets of the product, cash memo, prescribed entry information form and necessary information. The purpose of these competitions is to find prospective customers and to circulate a new product.

(v) Demonstration:

It is the instruction to educate consumers in the manner of using the product. It is a promotional tool to attract the attention of consumers. When products are complex and of a technical nature, demonstration is necessary, e.g., computers, field machinery, electrical pumping set, etc. Demonstration is done in front of consumers for mixer, wet grinder in retail shops, etc.

(vi) Premium:

Premium method is also used to attract the consumers towards the product. In this method, consumers are provided some other useful product freely along with the purchased product. This is an effective method which is practised today for sales promotion.

The purpose of giving premium is to motivate new customers. But its main purpose is to induce the old customers of that product. According to George Christopolous, “A premium is an item of merchandise that is offered at cost or at relatively low cost as a bonus to the purchases of a particular product.”

According to Alfred Gross, “A premium is an article of merchandise or other thing of value offered as an inducement to purchase a product or service.”

The article of premium is packed in that packet and information is written that packet contains some article. Sometimes the information regarding premium item is printed on the packet or customers are directed to collect the premium item from the shopkeeper. Sometimes, there is a coupon inside the packet which is returned to the shopkeeper and premium item is collected.

(vii) Money Refund Offers:

It is the most important method of sales promotion. If the purchaser is not satisfied with the product, money is refunded. It is stated on the package. It creates new users and strengthens brand loyalty.

(viii) Fairs and Exhibitions:

India is a country in which various fairs and exhibitions are organized in different times. These fairs and exhibitions are organised on local, regional, state, national or even at international levels.

Businessmen and manufacturers take part in these fairs and exhibitions and display their goods. Since these fairs and exhibitions are visited by a large number of persons, businessmen and manufacturers get a good opportunity for advertising their goods.

(ix) Special Prizes:

Under this method, every purchaser of the product is given a prize coupon during a certain period. All the coupons distributed during this period are put into a box and a lottery is drawn therefrom. Winners are given some attractive prizes. Thus, this scheme also lures consumers to purchase and use the product.

(x) Aftersales Service:

Under this method, the producer gives a guarantee to customers to maintain the product for a certain specified period. Aftersales service and warranty increase the sale of the enterprise.

2. Trade Promotion Methods:

Trade promotion methods are also known as dealers’ promotion methods. These include all the methods which are adopted with a view to encouraging dealers and distributors to purchase and resell the product in more and more quantity.

Dealers' promotion methods include the following methods:

(i) Contests:

This method is aimed at stimulating and motivating distributors, dealers, sale-staff, etc. This is an indirect way of boosting sales. This type of contest is conducted at the level of retailers and wholesalers. This is in the form of window display, store display, sales (volume), etc. A prize is awarded for the outstanding achievements.

(ii) Buying Allowance Discount:

Buying allowance discount increases the sale of the manufacturer and the profits of the dealer. The buying allowance or discount may be given at a fixed percentage on each minimum quantity of the product purchased during a stated period of time.

(iii) Premium:

A premium is an article of merchandise or other thing of value offered as an inducement to purchase a product or service.

Premiums are used by wholesalers to induce retailers to promote or push their products. The objectives of premiums are generally to

- (a) Induce consumers to switch from a competitor's product to the seller's,
- (b) Induce consumers to try larger sizes of products,
- (c) Increase off-season sales,
- (d) Introduce a new product.

(iv) Incentive:

In this method, producers announce some incentives to the dealer. It is also an effective tool for increasing sales. For this purpose special prizes are fixed for dealers if they achieve their pre-determined targets.

(v) Credit Facility:

Under this method the producer allows credit to their dealers, based on the quantity purchased by them. This enables them to purchase a bulk quantity.

(vi) Advertising Allowance:

Under trade promotion methods, advertising allowance is also given to the dealer. The allowance is offered to the dealer to display the manufacturer's product in the shop.

(vii) Gift:

Under this method, producers give attractive and useful articles to dealers against their orders. The articles are transistor, radio, television-set, clock, watch, etc. Some manufacturers offer free holiday family tours to the dealers who place more orders.

(viii) Training:

Through this method, producers train their dealers so that they may make more and more sales of products easily and smoothly.

(ix) Dealers Listed Promotion:

This is the most important method of sales promotion. Listing dealers is a part of advertising. It gives a list of dealers or retailers who stock the product or who are engaged in its promotion. For example, the advertisement of L.G. product in newspapers carries the names of the stockists of their products. The consumer can buy products from anyone of the listed dealers. This method induces dealers to stock their products.

(x) Point-of-Purchase Advertising:

The point-of-purchase display is the silent salesman that calls the attention of the customer to the product in the hope of initiating buying action. Point-of-purchase is also known as dealer hopes, dealer aids, dealer displays, merchandising and point-of-sale material. Point-of-purchase advertising means advertising at the point of purchase. It is generally at the level of a retailer's shop.

3. Combined Promotion Methods:

For sales promotion, consumer promotion methods and trade promotion methods are applied. Both these methods are complementary to each other. The first is consumer promotion method which motivates consumers to purchase. The second is trade promotion method which increases the business.

For the success of any business both the promotion methods are necessary. Without consumers' promotion trade promotion cannot run. In the same way without trade promotion consumers' promotion cannot run. They are not competitive of each other but are complementary.

As a man needs two legs to walk, so both are compulsory for promotion. The work of sales promotion can be performed if there is balance between the planning of these two promotions. Therefore, consumers' promotion method and trade promotion method should be implemented together for sales promotion. For good results, it is necessary that a right balance should be set between them.

4. Sales Force Promotion Methods:

Sales force promotion schemes are necessary to increase sales.

The tools for sales force promotion are:

(i) Bonus:

This is an incentive given to the sales people to sell more products to cross the quota or targeted sales. The manufacturer sets a target of sales for a year. If the sales force sells the products above the targeted figures, bonus is offered to them.

(ii) Contests:

Contests stimulate salesmen to sell more products. This method is used to increase sales. For this purpose, prizes are given to salesmen who secure the maximum sales in sales contests.

(iii) Meetings:

Meetings are conducted by producers for the purpose of educating, inspiring and rewarding salesmen. Under this method, new products and new selling techniques are described and discussed with salesmen.

(iv) More Commission:

Sometimes, sellers are offered more commission by offering cash incentives and sometimes sellers are given such goods that they may use them for personal purpose or for official jobs. In this regard the example of Life Insurance Corporation is worth citing.

For example, if the amount of insurance policy increases more than set quantity then the rate of commission offered is 15% besides additional bonus which is also given. If the field officer insures more than his quota then increments are given and telephone facility is also provided.

According to American Marketing Research Association, “Sales promotion includes those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and exhibitions, demonstrations and various non-current selling efforts other than the ordinary routine.”

The main aim of sales promotion is increasing sales and profits, but it is different from advertising and personal selling.

Tools or Techniques used for sales promotion:

- i. Rebate – It refers to selling of products at a special price which is less than the original price for a limited period of time. This offer is given to clear off excess inventory (stock) or to block competitive moves.
- ii. Discount – This refers to reduction of certain percentage of price from list price for a limited period of time. Discount induces the customers to buy more.
- iii. Partial Refund – A firm may use the strategy of refunding a part of the price paid by the customer on the production of some proof of purchase of its product. For instance, the buyer of two packets of a branded soap may be refunded Rs.10 on returning the empty packages to the dealer.
- iv. Free samples – Free samples of smaller size may be distributed to a few selected customers specially for introducing a new product.
- v. Quantity Gifts – Sometimes sellers devise special packaging, which gives extra quantity of the product to the buyer at a lesser price or at no price. For example, ‘Buy three get one free’ offer or ‘50% extra’, etc.

- vi. Product Combination/Bonus Offer – The retailer may offer another product as a gift on the purchase of a specified product, such as a free bucket on the purchase of 4 kgs of Surf detergent.
- vii. Packaged Premium – In this type of sales promotion, marketers pack some gifts or scratch cards inside the product package. The gifts create a lure to buy the product.
- viii. Prize Contests – The consumers are given rewards for analytical and creative thinking about the product in the form of slogan writing, sentence completion, quiz, etc. Rewards are given to successful contestants in the form of cash, goods or free travel, etc. These contests are held through newspapers, magazines and radio or television.
- ix. Lucky Draw – The customer is given a card containing a lucky draw number (or sometimes the Cash Memo Number is also used) and if it is the drawn number the customer gets the prize.
- x. Trade Fairs and Exhibitions – Trade shows, fashion shows or parades, fairs and exhibitions are important techniques of sales promotion.

Gift, contests, discount and commission, entertainment, travel and tours, additional allowances, fairs and shows are some of the important tools of sales promotion offered to both, the providers as well as the users. The motives are increasing the selling activities, touching the target, excelling the competition, increasing the market share, clearing the old products to be declared absolute in the near future or so. This makes it clear that the instrumentality of sales promotion is substantially influenced by the sensitivity of tools selected for the said purpose.

More innovative the tools of sales promotion, more positive would be the results. It is not wisdom that you just copy the measures adopted by the competitors. Your wisdom and professional excellence would make the ways for innovative measures. We can't deny the fact that the tools of sales promotion should be for both the parties involved in the process such as the providers or traders who offer the goods or services and the customers who ultimately consume or use.

A hotel company distributed a small gift pack to its customers. The customers were advised to open the pack at their homes and after opening they found in the pack seeds of an attractive plant with suitable instructions for plantation and transplantation. The trees started blooming and the attractive flowers of the said tree was found point of attraction. The friends, relatives, by passers asked about the plant and the narration of facts promoted the business of that hotel for years and years to come.

This makes it clear that the tools of sales promotion, if innovative, become very much instrumental in promoting sales. The professionals serving the organisations bear the responsibility of innovating the tools so that the process of making the buying decisions being influenced by the sales promotion is found effective.

1. Word-of-Mouth Promotion:

Much communication about the performance of the service generating organisations actually take place by word-of-mouth information which is also as word-of-mouth promotion. In the service generating organisations, we find use of different components of the promotion and in this context; we find this element of the promotion mix very effective. The word-of-mouth recommendations by the hidden salesforce make the process of communication effective.

This is testified by the fact that whatever we receive from our friends, relatives or the persons having domination in the society have a far reaching effect on our buying decisions. The process is to cost nothing but to throw a positive effect on the impulse of the prospects/users. The local leaders, social reformists, popular leaders are found dominating the social behaviour and therefore whatever we receive from them influence our impulse sizeably vis-a-vis govern the buying decisions considerably.

It is against this background that we find it significant to talk about this component of the promotion mix. We can't negate the fact that the high magnitude of effectiveness of this tool is due to the high level of trust. The growing sensitivity of the words and experiences of hidden salesforce simplify the task of promoting the business.

The advertisements, sales promotion measures, the personal selling may of course be effective but the word-of-mouth recommendations are found acceptable in all the conditions by almost all the prospects. If we keep on moving the process of satisfying the users, our task of increasing the numbers of hidden salesforce is simplified considerably.

The executives and the front-line staff serving the organisations need to assign an overriding priority to this element of the promotion mix. We call the process two-step flow of communication in which messages are directed to the opinion leaders in society rather than to the masses. About the opinion leaders, it is right to mention that persons having domination on the social behaviour are known as opinion leaders.

The representatives of mass media, social workers, leaders of an organisation or even others having a say in the society can act as opinion leaders. We can't negate that even the satisfied group of users also act as opinion leaders. This makes it pertinent that the service generating organisations assign a transcendental

priority to the quality of services offered. The task of word-of-mouth promoters or the hidden salesforce is found much more difficult when the quality of service product is found poor.

An important question regarding the word-of-mouth promotion is related to its intensity of sensitivity and acceptability. Why do we find this element of the promotion mix so much effective? Of course, a plain answer to this question is the positive and right opinions. If the word-of-mouth promoters start advocating the wrongs, the acceptability would be minimised considerably. If our friends communicate to us the specialities of their positive feelings about the services of a particular organisation; we trust on them blindly albeit without a detailed narration.

If our relatives convey to us their feelings about the outstanding services offered by a bank or hotel in which they stayed, we try to use the services as and when we get an opportunity. It is in this context that this element of the promotion mix is found significant to the service generating organisations. We find a strong emphasis on the quality of services-offered failing which the promotion processes would hardly be effective.

2. Telemarketing:

Telemarketing is found instrumental in promoting the business and even the service generating organisations have been found using this element of the promotion mix. The telemarketing helps in activating the process of advertisement in addition to its instrumentality in increasing the sale. The service generating organisations in general and the banking, insurance, transport, hotel, tourism organisations in particular have been found using telemarketing with the two-fold objectives of selling and advertising.

The instrumentality of telephones and televisions are found effective in the process of promoting the business. The transmission of information regarding services or schemes help the customers/prospects in developing their awareness, specially regarding the new product.

They if informed and sensed in a right fashion and persuaded in a right way go to the telephone numbers, make necessary queries or enquiries, if they need so or, even send their representatives to collect detailed information and/or, call the numbers and let them know their decisions.

This makes it clear that we find advertising even in the process of selling since the users/prospects before the television screen come to know about the new developments or arrivals. It is right to mention that advertisements persuade the users and the telemarketing also instrumentalises the same process, of course, in a bit different way.

The instrumentality of telemarketing in persuading the users is substantially influenced by the quality of personnel supposed to discharge the responsibility. The creativity is found to be an important aspect and this makes it essential that advertising professionals are well aware of the expectations and attitudes of users/prospects. It is against this background that we find increased temptation for this element of the promotion mix not only in the developed countries but even in the less developed countries like ours.

In the present world when we find it much more difficult to manage the people, the telemarketing occupies and would continue to occupy a place of outstanding significance. The telemarketing, no doubt, minimises the dependence of service generating organisations on the salespeople since just a counter or a centre listed in the call numbers serves multi-dimensional purposes.

The interested person(s), organisation(s) come to the centre and get further information or they can do everything even on their phones or they can also send their representatives. Since we have a perception of everything automated, it is possible with the frequent use of developed or sophisticated communication technologies, we find telemarketing gaining popularity and the process would continue even in future.

In the Indian perspective, we find only the beginning but in the coming days, it is to gain momentum. A number of foreign banks, hotels and tour operators have been seen promoting telemarketing. We have a big network of the telecom and telecast services and therefore, the future looks prosperous.

The aforesaid facts make it clear that an important sub-mix of the promotion mix, i.e., telemarketing is a process of promoting the business. Both the goods manufacturing as well as the service generating organisations can rationalise their selling expenses fantastically if they assign due weightage to telemarketing. Not only the selling processes but albeit advertisement processes find telemarketing instrumental in their desired goals of offering more but taxing less.

This type of non-personal selling is so varied that many find it difficult to comprehend or define it clearly. Essentially, it applies to assorted, non-recurrent, and somewhat extraordinary non-personal selling efforts.

Firms that wish to conduct a sales promotion campaign have various methods to choose from point-of-purchase advertising, trade shows, samples, coupons and premiums, contests and trading stamps.

More than one of these options may be used in a single promotional strategy; but probably no promotional strategy has ever used all in a single programme. While they are not mutually exclusive, the union sales promotions are generally employed on a selective basis.

(i) Point-of-Purchase Advertising:

Displays and demonstrations that promote the product at a time and place closely associated with the actual decision to buy are referred to as point-of-purchase advertising. The in-store promotion of consumer goods is a common example. Such advertising may be extremely useful in carrying forward a theme developed in another element of promotional strategy.

Cartoon characters used in TV advertising, for instance, may become realistic in-store displays. The most common types of in-store display promotions include counter cards, wall signs, banners, and display bins. The importance of these devices has been steadily increasing for a number of product classes sold in retail stores, such as photography, cosmetics, cloth, liquor and medicines.

Firms should carefully plan their displays to fit the needs of the dealers. They should provide salesmen with presentations to show retailers how the displays may be used. Many manufacturers compensate dealers for the space required for these displays.

(ii) Trade Shows:

To influence channel members and resellers in the distribution channel, it has become a common practice for a seller to participate in a trade show, exposition, or convention. These shows are often organized by an industry's trade association, and may be part of the association's annual meeting or convention.

Vendors serving the particular industry are invited to the show to display and demonstrate their products for the association's members. An example is the professional meetings attended by college professors in a given discipline.

Here, the major text book publishers exhibit their publications to the channel members in their marketing system. Shows are also used to reach the ultimate consumer. Trade shows are elaborate, and reach retailers as well as individual consumers. Most marketers find demonstrations at these events, particularly useful in promoting new products or product innovations.

(iii) Samples, Coupons and Premiums:

The distribution of samples, coupons and premiums is probably the best known sales promotion technique.

A sample is a free distribution of an item in an attempt to obtain consumer acceptance. This may be done on a door-to-door basis, by post, by demonstrations, or insertions in packages containing other products. Sampling is especially useful in promoting new products. One problem of sampling is the cost.

It is expensive, not only to manufacture the product but also to distribute it across the country to consumers. Also, many samples are wasted. They either go to consumers who are not interested in it or to people who have already used the product.

Coupons offer a discount, usually of 5 to 10 per cent, on the next purchase of a product. They are readily redeemable with retailers, who receive a handling fee. Mail magazine, newspaper or package insertions are standard methods of distributing coupons.

Contests— Firms may sponsor contests to attract additional customers. They offer substantial cash or merchandise prizes to call attention to their product.

Premiums are bonus items given free with the purchase of another product. They have proved to be effective in getting consumers to try a new product or a different brand. Premiums are also used to stimulate direct mail purchases.

The Theory of Indices, also known as the Laws of Exponents, is a fundamental concept in mathematics that deals with operations involving powers or exponents. It provides a set of rules or formulas that help simplify and manipulate expressions involving exponents.

UNIT-IV

SALES PROMOTION

Sales promotion Definition

A sales promotion is a marketing strategy in which a business uses a temporary campaign or offer to increase interest or demand in its product or service.

There are many reasons why a business may choose to use a sales promotion (or 'promo'), but the primary reason is to boost sales. Sales boosts may be needed to reach a quota as a deadline approaches, or to raise awareness of a new product.

Let's take a closer look at different types of sales promotions, as well as the pros and cons of using any type of promotion.

Types of sales promotion

There are 12 main types of sales promotions. Not all of them are suited for every business, product, or service, but each one offers unique ways of boosting sales and connecting with customers through different methods of sales psychology. Each is also an interesting take on spin selling and offers a look into sales methodology comparison.

1. Competitions and challenges: Competitions or challenges usually take place on social media, and serve to increase customer engagement as fans try to win a discounted or free product. They usually also result in a large amount of free publicity if the competition or challenge involves sharing the brand on a customer's personal social media account.

2. Product bundles: Product bundles offer a collection of products for an overall discounted rate, as opposed to buying the products individually. Product bundles give customers a reason to buy a larger variety of products, which makes it more likely they will find a product they like and want to buy again.

3. Flash sales: Flash sales are extremely short sales that offer extreme discounts for a limited amount of time. These sales work through creating a sense of urgency and need around your sale.

4. Free trials: Free trials or demos are one of the most common sales promotions and one of the most promising strategies to grow a customer base. Businesses can offer either a limited time with the product or a limited quantity of the product to a first-time buyer at no charge to see if they like it.

5. Free shipping and/or transfers: Free shipping promotions attempt to curb the 70% of customers who abandon their carts when they see the shipping costs. The small loss in shipping fees is usually made up for in happy customer purchases.

6. Free products: Free product promotions work by offering a small free product with the purchase of a larger, mainstream product. This boosts mainstream sales without costing the company too much inventory or revenue.

7. Early-bird or first-purchaser specials: These specials offer discounts to first-time purchasers as a way of welcoming them as customers. Customers are more likely to buy at a discount and because the discount only works once, the company doesn't lose a great deal of revenue.

8. BOGO specials: BOGO, or "buy one, get one free" promotions are primarily used to spread product awareness. Customers can give their extra product to a friend or family member and build a customer base through word of mouth.

9. Coupons and vouchers: Coupons and vouchers reward current customers for their brand loyalty and encourage future purchases. This is especially effective in companies who use punch cards which incentivize customers to make multiple purchases to earn a free product.

10. Upsell specials: Upsell promotions are not as common as the others, but they can still be extremely effective. Upsells give first-time customers a less expensive version of a product to try, and then over time, the sales department works to convince them to purchase the more expensive and more effective option.

11. Subscriptions: Subscriptions are not always considered sales promotion, since they tend to be long-term purchases, but having different amounts of a product available at a different price point is a sales promotion tactic. With a subscription, a customer pays a larger fee upfront for a large amount of product that eventually comes out to less than what they would pay for buying smaller amounts of product individually.

12. Donations: Donations are an excellent way for a company to build credibility and goodwill within the customer base. Most donations work when the company contributes a portion of each sale during a given period to a charitable cause.

Pros of sales promotions

There are many benefits to running a sales promotion in the short term:

1. **Creating new leads:** Sales promotions increase customer acquisition by offering them discounts, free products, free trials, and more. Many potential buyers are willing to try something for a lesser price, and if they like the product they become part of your company's loyal base.
2. **Introducing a new product:** Even extremely successful companies need a little help launching a new product. New customers may need incentives to buy, and long-term customers may be committed to their usual products. Providing a discount or promotion on a new product is a great way to create product awareness without doing a sales presentation.
3. **Selling out overstock:** No one wants to be in this position, but overstocking happens. When it does, a sales promotion can be a useful tool to get rid of inventory while attracting new customers who may not have the overstocked product yet. It's worth noting that there is a line in terms of selling overstock and it's easy to step over into unethical selling.
4. **Rewarding current customers:** Sales success doesn't stop at the first purchase. Nurturing customers over time is essential to keeping brand credibility and loyalty high. Sales promotions are an easy way to provide loyal customers with a discount, voucher, or free product that will continue to keep them engaged with your brand.
5. **Increasing last-minute revenue:** Many companies use sales promotions towards the end of a month or quarter to meet revenue or inventory goals. While not a bad strategy, it's best to use this one sparingly so that customers don't get into the habit of waiting for an expected sale.

Cons of sales promotions

While most sales promotions do successfully increase sales, many also come with a cost.

When considering using a sales promotion, it's important to remember the two main risks of the "sales promotion trap":

1. **Sales promotions can devalue your brand:** While it may not be the case for your company, there is a general assumption in the consumer market that if a brand goes on sale, it's because they are having trouble selling that product—it's why we all wait for the day after Valentine's Day to buy discounted chocolate.

While promoting a single product in your line might not make a lasting impression, a sales promotion that covers your entire brand might lead customers to think your business is on its last legs.

2. **Sales promotions can make it complicated to sell your product back at its original price point:** Depending on how long your promotion runs, you may attract customers who never paid full price for your product. These customers may then be turned off when you return to full price at the end of a promotion.

It's important, therefore, to set strict promotional timelines and leave space in between promotions to make sure your original price is the most consistent one.

The other peril of sales promotions to be on the lookout for is cost. According to Harvard Business Review, the average business spends 66 percent of its advertising budget on sales promotions. This type of spending can seriously hurt a business if the promotions are not bringing in enough revenue to counteract the cost when full-price advertising is not given as wide a budget.

Sales promotion example

Perhaps the most common sales promotion is the Black Friday sale. This is an interesting sales promotion to examine because while thousands of companies participate in Black Friday, few participate in the same way.

Some companies run their Black Friday sales within a strict 24 hours time frame, while some spread it over an entire week. Some have in-person offers, or online offers, or are exclusive to one type of purchase.

The important factor in the Black Friday sale is that companies know customers are going to buy. This makes it crucial to have a strong sales promotion strategy and sales territory plan so that you know what you're offering, what your price points are, the exact sales windows, and your audience targets.

Sales promotion strategies

As we've seen, sales promotions come in a large variety and can be used as a sales strategy at any point during the sales process. It's important, therefore, to be aware of best practices, activities, and techniques that will ensure your promotions are successful.

There are three primary strategies for sales promotions:

- **Pull strategy:** The pull strategy tries to get the customer to 'pull' the product away from the company, usually in the form of a discount, BOGO, or another special. This is the most commonly used strategy across the board for all businesses.
- **Push strategy:** The push strategy tries to 'push' the products away from the company towards the customer, usually through B2B sales. Parent companies will reward distributors and retailers for taking additional products off their hands and selling them to the consumers.
- **Hybrid strategy:** As its name suggests, the hybrid strategy is a combination of the push and pull strategy in which the company will use a push strategy to move products, and then a pull strategy to encourage purchasing from retailers.

Let's dive into a few recommendations for best sales promotion practices that you can use regardless of which strategy you're trying out.

Sales promotion techniques

- **Know your audience:** Are you catering to new customers or existing customers? Are you looking to promote a new product or increase sales on an existing product? These questions will help you choose which sales promotion is best for your company at that time.

- **Emphasize scarcity and/or urgency:** Your sales promotion should always be short-term, but it's important to emphasize why. Customers will be more motivated to buy if there's a risk of running out of time or running out of product.
- **Align your sales promotion with your company:** Consistency is always key in every aspect of sales, and it's no different with a sales promotion. If you specialize in long-term products, such as electronics, then it doesn't make sense to offer customers a subscription package when they're only going to purchase new products every few years.

Sales promotion activities

- **Run promotions in alignment with key dates for your market:** Use your annual sales analytics to know when your customers are most likely to buy and schedule your promotions around them. Michael's Craft Store is a great example of this. They excel at marketing holiday sales promotions on themed decorative items towards the beginning and end of each holiday season.
- **Reward your customers with a loyalty program:** A loyalty program is a simple way to tell your customers you care and it can be formatted in almost any way. Even if you're not in a position to give discounts, you can use a loyalty program to give customers a heads up regarding sales, new products, and company milestones.

How CRM software can drive your sales promotions

The key to sales promotion success is knowing your customer base and having a reliable handle on your finances, revenue, and team statistics.

UNIT-V

SALES PROMOTIONAL PROGRAMME

Developing The Sales Promotion Program

The marketers must make several other decisions in order to define the full sales promotion program. First, the marketers must decide on the size of the incentives. If the promotion is to succeed, a certain minimum incentive is necessary. A large incentive will generate more sales response. Marketers also must set conditions for participation. Incentives might be offered to everyone or only to selected groups.

Then marketers must decide how to promote and distribute the promotion plan itself. A 50-cents-off coupon could be given out in a package, at a store, by mail, or in an advertisement. Each distribution process involves a different level of cost and reach. Increasingly, marketers are combination of several media into a total campaign concept. The length of the promotion is also very important. If the time period of sales promotion is too short, many prospects (who may not be buying during that time) will be missed. Vice versa if the promotion period runs too long, the deal will lose some of its “act now” force.

Evaluation is also very important. Yet many companies fail to evaluate their sales promotion plans, and others evaluate them only apparently. The most general evaluation method is to compare sales before, during, and after the promotion. Suppose a company has a 6 percent market share before the promotion, which jump to 10 percent during the promotion campaign, falls to 5 percent right after, and rises 7 percent later on. The promotion plans seem to have attracted new attempts and encouraged more buying by current customers. After the promotion, sales fell as consumers used up their inventories. The long run rise to 7 percent shows that company gained some new users. If the brand’s share had returned to the old level, the promotion would have changed only the timing of demand rather than the total demand.

Consumer research would also show the kinds of people who responded to the promotion and what they did after the promotion ended. Surveys can provide information regarding consumers and their attitude towards promotional campaigns and sales.

Undoubtedly, sales promotion plays vital role in the total promotion mix. To use it well, the marketers must classify the sales promotion objectives, select the best tools, design the well

described sales promotion plan, implement the plan, and evaluate the outcome of it. Moreover, sales promotion must be coordinated carefully with other promotion mix elements within the incorporated marketing communications program.

6 Stages Involved in Sales Promotion Planning

The main stages which is involved in sales promotion planning are: 1. Establishment of objectives, 2. Selection of promotional tools, 3. Planning the sales-promotion programme, 4. Pre-testing, 5. Implementation and 6. Evaluation

As in the case of advertising, effective sales promotion involves an on-going process with a number of stages.

1. Establishment of objectives:

Sales-promotion objectives vary according to the target market. If the target is the customer, objectives could include the encouragement of increased usage or the building of trial among non-users or other brand users. For intermediaries, objectives could be to encourage off-season sales or offsetting competitive promotions. Sales-promotion activity could also be aimed at internal personnel, making up part of the reward system

2. Selection of promotional tools:

Promotional objectives form the basis for selecting the most appropriate sales-promotion tools. The cost and effectiveness of each tool must be assessed with regard to achieving these objectives in respect of each target market. The tools available to the service marketer are described in more detail in the next section.

3. Planning the sales-promotion programme:

The major decisions that need to be made when designing the sales-promotion programme relate to the timing of the promotion and how long this tool is to be used. Also important are the size of incentive, rules for eligibility and, of course, the overall budget for the promotion.

4. Pre-testing:

This needs to be undertaken to ensure that potentially expensive problems are discovered before the full launch of a promotion. Testing in selected market segments can highlight problems of ambiguity, response rates and give an indication of cost effectiveness.

5. Implementation:

The programme for implementation must include two important time factors First, it must indicate the 'lead time' - the time necessary to bring the programme up to the point where the incentive is made available to the public. Second, the 'sell in time' which is the period of time from the date of release to when approximately 90-95 per cent, of incentive material has been received by potential customers.

6. Evaluation:

The performance of the promotion needs to be assessed against the objectives set. If objectives are specific and quantifiable, measurement would seem to be easy. However, extraneous factors could account for the apparent success of many sales-promotion activities.

For example, competitive actions or seasonal variations may have influenced customers' decision making. It can also be extremely difficult to separate out the effects of sales-promotion activity from other promotional activity-or indeed from other marketing-mix changes.

What is pre testing in sales promotion evaluation process?

The pre-testing evaluation technique allows a company's marketing department to determine the effectiveness of a promotional strategy. The company may choose to use simulation as a pre-testing technique to test consumer appeal, consumer awareness, repeat purchases and the sense of value.

What are the steps in pre-testing?

Steps

- Step 1: Outline Pretest Objectives. ...
- Step 2: Choose the Pretest Method. ...
- Step 3: Plan the Pretest. ...
- Step 4: Develop Pretesting Guide. ...
- Step 5: Develop Questions. ...
- Step 6: Conduct Pretest. ...
- Step 7: Analyze Data and Interpret Results. ...
- Step 8: Summarize the Results.

What is sales evaluation process?

A sales evaluation is essentially the analysis of sales performance among your salespeople or the sales performance of a price or marketing change or campaign. An effective analysis will be able to identify the strengths and weaknesses of either the people or the processes.