

Review Questions

17 - 4 Define sales promotion and explain how it differs from other marcom areas.

Sales promotion is a marketing communication tool for restoring revenue or providing incentives or adding value to distributors, sales staff, or customers in a short time period. Sales promotion activities include demonstrations, special offers, displays, and other one time selling efforts that's not a part of the ordinary routine. Marketing communication is a fundamental and complex part of a company's marketing efforts. MarCom can be described as all the messages and media you deploy to communicate with the market. Sales promotion focuses on individual communications efforts to reach potential customers.

17 - 5 Why is sales promotion growing?

Sales promotion affects demand by offering an incentive to act, usually in the form of a price reduction, but it also may offer additional amounts of the product, cash, prizes and gifts, premiums, special events, and so on. Accountability for marketing communication efforts, most U.S. companies focus on immediate profits, a drive that sales promotion satisfies. Because the benefits of advertising are often more apparent in the long term, companies invest more money in sales promotion when they want quick results. Product managers are under pressure to generate quarterly, or even monthly or weekly, sales increases. Besides that, shoppers today are better educated, more selective, and less loyal to brand names than in the past, which means they are more likely to switch brands. Also, consumers have come to expect constant short-term price reductions such as coupons, sales, and price promotions.

17 - 6 Explain the three audiences for sales promotion and the two primary categories used to reach those audiences?

The three audiences can be targeted by sales promotion: consumers, resellers, and the sales force. The most common sales promotion strategies target the three audiences of promotions: consumer, trade, and sales force. A consumer sales promotion targets the consumer or end-user buying the product, while a trade promotion focuses on organizational customers that can stimulate immediate sales.

17 - 7 What are the primary objectives that consumer promotion can deliver?

Consumer promotions are tactics or techniques designed to help a business find new customers or reward current customers. The most common consumer promotions are aimed at enhancing the value of your product, either by reducing the cost or adding more benefit to the regular price.

17 - 8 What are the key objectives of trade promotions?

Trade promotions are marketing campaigns and promotions organized by brands that are aimed at increasing sales within a retailer, sweetening the pot for both the store and the shopper.

17 - 9 List the primary tools of consumer and trade promotions.

The main consumer promotion tools include samples, coupons, demonstration, contests, cash refund offer, premium.

The primary roles for a trade promotion:

Trade Support - To stimulate in-store merchandising or other trade support (for example, feature pricing, superior store location, or shelf space)

Excitement - To create a high level of excitement about the product among those responsible for its sale.

17 - 10 What media are used to communicate about sales promotions?

The media are used to communicate sales promotions, such as printed materials like posters, coupons, direct mail pieces and billboards, radio and television ads, digital media, email, websites, social media, and others.

17 - 11 Why are sponsorships and events used by marketers?

Sponsorships help your business increase its credibility, improve its public image, and build prestige. Like any form of marketing, it should be used strategically as a way to reach your target customers. As you build your marketing plan, research the events and causes that your ideal customers care about. Event marketing is a strategy marketers use to promote their brand, product, or service with an in-person or real-time engagement. These events can be online or offline, and companies can participate as hosts, participants or sponsors. Marketers use both inbound and outbound event marketing strategies for promotional purposes.

17 - 12 Define loyalty programs and explain why they are useful.

Loyalty programs are offered by retailers and other corporations as a way to attract and retain customers. Loyalty programs offer rewards, discounts, or other special incentives and are designed as a reward for a customer's repeat business. A loyalty program's main purpose from your point of view is to make more money by keeping your current customers. They can achieve this because they're cost-effective, and they help to increase social proof, word-of-mouth and customer referrals.

17 - 13 How and when are partnership promotions used?

Partnership promotions, such as co-branding and co-marketing programs, are designed to build stronger relationships between manufacturers and retailers and between two brands that market related products to a similar target audience.

References

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