

UNDERSTATING CONSUMER SALES PROMOTION – A CONCEPTUAL THOUGHT

**Vishwas Gupta, Lovely Professional University
Richa Singhal, S.S. Jain Subodh PG College**

ABSTRACT

Consumer sales promotion includes all activities undertaken to stimulate consumer purchase in the short-run. It is based on consumer pull strategy that relies on consumers to pull the product through the channel of distribution. The objectives of the chapter are to define the purpose and scope of consumer sales promotion and to explain various techniques of consumer sales promotion. Some common objectives of consumer sales promotions are encouraging trial of new encourage brand loyalty and increase product usage. While to induce trial and repurchase of new sampling and coupons are the bets techniques.

Keywords: Sales Promotion, Sample, Coupons, Trial, New Products, Consume Sales-Promotion

INTRODUCTION

We know that the sales promotion is "those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness" (Belch & Belch, 2003). This definition implies that sales promotion relies on a "two-pronged" approach to increase sales-on the one hand, it tries to get the ultimate user of the product into the shop and actually ask for the product; and on the other hand, it tries to get members of the distribution channel to carry and sell the product. Consumer sales promotion is based on a "pull strategy" (Kotler et al., 2008).

Mini Case

Nestle's distribution of free samples of Milo, the chocolate-flavored, energy food drink, to school children, is an example of consumer sales promotion. It encouraged children to go into stores and ask for the product. This demand helped "pull" the product through the distribution channels.

Consumer sales promotion includes a whole range of activities other than sampling. The technique chosen will depend on the specific purpose of the promotion

Think & Act 3 mins	<p>Before reading further, can you name some consumer sales promotion techniques, other than sampling?</p> <p>-----</p> <p>-----</p>
-----------------------------------	---

Before looking at some of the other techniques of consumer sales promotion. Jet us look at some of its specific goals:

Encourage Trial

Most of the new products fail because little or no people try the merchandises (Cooper, 1975). Or, because trial doesn't cause repeat purchase. Especially, when the concept is new, most of the people are hesitant to require risks. Advertisement directed at the buyer offers a reason for trying the new products. Companies must engage consumers for trial. Almost 35-40% consumers who prefer a product or service on trial can be converted into active consumers (Smith & Swinyard, 1983).

Mini Case

Colgate Palmolive launched Axion, its global dishwasher paste brand, in 1996. The concept of a dish washing paste was new to the Indian consumer, who was used to traditional cleaning agents. The ad campaign created awareness and highlighted the benefits of the paste over traditional cleaning methods. But this alone was not sufficient to bring about trial. Realizing this, Colgate Palmolive started a two weeks joint promotion with Hexit. Consumers got a free Axion tub with a Hexit. Free samples and discount coupons were distributed in Mumbai. Where the product was launched.

Encourage Brand Loyalty

It is not enough to influence consumers to undertake your product. The important challenge lies in getting them to remain together with your brand. The company has to be consistent with the promises it made to customers. They should make a distinct place in their vertical. Company must provide some surprised incentives to the consumers time to time (Valenzuela et al., 2010). As we saw with the subscription wars, competitors are always able to come up with counter offers to woo away your customers. Just like the Boost example, marketers should design promotions that are innovative enough to retain customers.

Increase Product Usage

Consumer sales promotion could also aim to influence customers to shop for a product in larger quantities. Before it, company must go with a good first impression before the consumer so that consumers must be eager to use it. With the help of advertorial, paid articles, reviews the company must inform the in-depth usage of its products to the existing as well as new customers (Thakur, 2016). Company can use the smart-campaign now a days with customized message to the consumers. To induce customer for using the product in higher quantity is one of the shrewd marketing tactics

Mini Case

1. In the U.S., Kodak sells a three-pack of film at a special reduced price.
2. Horlicks successfully introduced bigger packs to increase product usage. The 1 kg. Super economy pack was introduced to replace the 450 gm packs, of which two were bought on an average, every month. A free stainless-steel spoon was also packed inside every 1 kg. Bottle of Hot-licks. The 500-gm pack was introduced to conform to government packaging rules, to replace the 450-gm pack. Both promotions led to significant increases in sales

Encourage consumption of other products in your line

When a marketer's product portfolio consists of several related products, consumer sales promotion may aim to create demand for more than one product. The company can offer an exclusive preview of some new products and a special introductory offer to its premium categories of the customers. Now days, the social media has given another medium to reach to consumers (Berthon et.al. 2012). Companies are using Google My Business and running various contests and sweepstakes on different social media platforms to attract the new as well as existing consumers to encourage the consumption.

Mini Case

Hindustan Lever, with its multi-product range of personal and hair care product, is the best example of this. A recent promotion offered one free tube of Pears Face Wash when consumers bought a bottle of Ceramides Sunsilk shampoo.

Reinforce advertising efforts

Consumer sales promotion could help to stress product benefits highlighted within the advertising. Sometimes the price image can also directly affect brand Image. For example, consumers tend to associate higher price with higher quality, for certain product categories. E.g., Art objects, jewellery, stereo systems, whisky and leather garments.

The marketer should therefore develop pricing strategies in keeping with the nature of the product. For the above product categories, he should adopt a "premium pricing" strategy, as low prices would create low quality perceptions for these products. For other product categories such as toothpaste, coffee, which is standardized, the price-quality image does not apply.

Like price image, "corporate image", or the image of the company, also affects brand image. To build a favorable image of the company, "corporate" or "institutional" advertising, talking about the company's core values, technical expertise, or responsibility to society or a good cause, is used commonly by advertisers. This automatically has a "rub-off" effect on the company's brands.

The amount of risk perceived by consumers in purchasing products should also be taken into account by marketers (Snoj et al., 2004). The risk may be financial (such as buying a car), social (not being accepted by one's social circle because of bad breath is an example), psychological (the feeling of not being attractive enough) or performance related (failure of appliances, for example).

In such cases, marketers can adopt the following strategies to reduce the perceived risk in buying products:

1. Offer better/longer warranties (in the case of appliances).
2. Offer money-back guarantees.
3. Offers return policies.
4. Offer small packages such as economy packs or samples (cosmetics, food products).
5. Have experts endorse the products (a physician endorsing baby food).
6. Provide low-priced alternatives.
7. Provide complete performance information (for appliances)
8. Provide complete ingredient Information (for food products)

Mini Case

Akai has been doing this aggressively. Their offer of "buy a 21" color TV and get a J 4" color TV one to buy a TV for the family and get one for personal use at the same time. It supports Akai% advertising that protects the brand as having a range for the family. It has also succeeded in speeding up sales, getting rid of accumulated stocks and popularizing the brand.

Once you have decided what you want the consumer sales promotion to achieve, a technique has to be chosen. A single technique or a combination of techniques may be used. We will now examine in detail.

Consumer promotion techniques may be broadly classified into two categories based on whether the aim is to encourage new product trial, or to increase use of an existing product.

The techniques usually used for encouraging new product trial are:

Sampling

This consists in products a little quantity of the merchandise or at a really low cost, so as to encourage trial. it's most ordinarily employed by large firms which produce packaged foods, health and beauty items. Hindustan Lever's and Procter & Gamble's samples for their detergent brands. Nestle's samples for Milo, and Colgate Palmolive samples for Axion, are all examples.

Mini Case

A unique use of sampling by a non-FMCG marketer is that for Cielo cars. Car owners across the country were sent Cielo cars free for 18 months. After this period. they could return the car or buy it at a 30% depreciation. Around two hundred people nationwide sampled the Cielo during this promotion period.

Sampling is normally most effective when product benefits are difficult to describe in print or visual media such as taste, scent, consistency, balance etc. (Morse, 1991). Sample may be distributed door-to-door, through the mail, with magazines and newspapers, in the store, or anywhere where your audience is likely to be.

<p>Think & Act 3 Mins</p>	<p>Based on your knowledge. what are the advantages and disadvantages of samples as a promotion technique?</p> <p>-----</p> <p>-----</p>
--	---

A sample can stimulate higher rate of trial than any other promotional effort. It can also be used as a defensive weapon to blunt the attempts of competitors to introduce new products. P & G, in particular has been using this strategy successfully for decades.

Mini Case

In the U.S., General Foods, a packaged foods manufacturer, wanted to launch a new brand of dog food to be distributed in supermarkets. Initially, they used a sampling promotion whereby a "one-patty" sample of dog food was distributed to consumers at supermarket checkout counters. However, repurchase rates after trial were disappointing. Market research indicated that dogs were still hungry after eating the patty, and that the product was considered more a snack food, rather than a complete meal!

The sampling strategy was then changed so that two patties of the dog food were distributed as samples to dog owners in various areas. Advertising reinforced the idea that two patties were equivalent to one pound of canned dog food. Providing trial users with a sample big enough to supply a dog with a full meal resulted in a high rate of repurchase.

The above example indicates the need for research before introducing new products with samples.

Couponing

A coupon may be a certificate good for a selected discount, on a specific product, for a selected period of time. It's a medium by which the manufacturer offers the buyer a price deal. If redeemed at a mercantile establishment, the coupon is employed by the retailer and therefore the wholesaler to realize reimbursement from the manufacturer.

Coupons are most ordinarily employed by manufacturers of packaged foods (Rogers & Coates, 2002). In India, retailers like Littlewoods have also made extensive use of coupons. Coupons are most commonly used by manufacturers of packaged foods. In India, retailers like Littlewoods have also made extensive use of coupons.

As with samples, there are several advantages and disadvantages associated with coupons.

<p>Think & Act 3 Mins</p>	<p>In your opinion, what are some advantages and disadvantages of coupons as a sales promotion technique?</p> <p>-----</p> <p>-----</p>
---	--

Coupons can help launch a new product, build market share and convert customers of competing brands to your product. They can also sustain sales during times when customers buy less frequently, or when they switch to lower-priced brands.

The use of coupons also limits the price reduction to those customers who are sensitive to the price deal. All the other customers continue to pay the regular price. In addition, coupons also enable the manufacturer to specify the time frame for the promotion. This helps to induce more immediate response from consumers. Yet another advantage is that the coupon offer gives the manufacturer something with which to develop a selective demand for a brand.

The disadvantage of using coupons is that they create a "bargain-hunting" mentality on consumers' minds (Lu & Moorthy, 2007). They have also been criticized for targeting people who would buy the product even without the coupon offer and for the resulting wastage in advertising and lost profits.

Coupons should therefore be used in a limited manner, and manufacturers should ensure that retailers are adequately compensated for their efforts when a coupon deal is used.

When using coupons, the method of distributing the coupon needs to be determined. Coupons may be distributed through newspapers, magazines, "free standing inserts" in newspapers, Sunday supplements, direct mailers, in the product package, or at the point of sale. The method of distribution should be decided based on the cost of using a specific medium, and the expected redemption rate that is, the number of coupons that will actually be redeemed at a store.

Money-Back Offers

During this case, the marketer offers to return a particular amount of cash to the buyer, if he's not satisfied with the merchandise this might take the shape of a full or partial refund, after the merchandise is returned.

Money-back offers help to scale back the danger involved in trying new products (Akçay et al., 2013). They also help to reward existing customers, encourage multiple purchases, and persuade consumers to shop for now, instead of later.

The disadvantage with this system is that refunds aren't available on the spot. Consumers are normally reluctant to travel through the method of filling out refund forms, sending them in, and expecting cash back.

So far, we've examined the buyer advertisement techniques for inducing trial and repurchase of latest products. When the goal is to extend sales of an existing product, the subsequent techniques are best.

Price incentives

This is the utilization of a short-term reduction in price to stimulate demand for a longtime product whose sales is declining.

Such price incentives may take the shape of price promotions or price packs. A price promotion may be a short-term reduction that's available to everyone who buys the merchandise during the promotional period (Blattberg et al., 1995). While some price promotions decrease the asking price by a selected amount (Rs 100 or Rs 500 off, counting on the product), others reduce it by a particular percentage (20% or 50% off). Price packs are generally simpler than price promotions. A price pack normally includes something extra with the regular product package.

One type of price pack is the "bonus pack", which offers more of the product at the regular price.

Mini Case

Colgate's offer of 20% more toothpaste for the price of a regular size of toothpaste.
Goodnight mosquito repellent's offer of 6 free mats with a 30-mat pack.

A second sort of price pack is that the "banded pack". Here, two or more units of a product are sold together at a lower cost than if purchased separately. The "buy one, get one free" offers are samples of banded packs.

Price promotions help to increase product usage, frequency of purchase and new product trial, and also encourage consumers to switch from a competing brand.

Price promotions should be backed by other techniques, advertising support and the support of the trade. However, such promotions should not be used as a cure-all for declining sales. A common tendency is to resort to the price incentive when the real problem lies elsewhere in

deficiencies in the marketing mix. Careful analysis should be done before using this technique. An actual market test should be done if possible, to see if it has the desired impact. Great care must also be taken to maintain normal advertising support. The co-operation of the trade is also required. Unless they are used with care, result in competitive warfare.

Premiums

A premium is that the offer of some sort of service, either free, or at a greatly reduced price, to induce purchase, to induce present customers to extend their use of the brand or to get it in larger-sized packages. It also can help to modify consumers from their present brand thereto of the promoter's brand order to realize trial use, with hopes of repurchase.

Premiums are most frequently used to increase the sale of popular, low-priced, everyday products, such as soaps, soft drinks and cigarettes (Te'eni-Harari, 2008). However, they are also being increasingly used for consumer durables.

Example A stainless steel spoon in a box of detergent, a dish with cereal, or a transistor radio given with a refrigerator.

Premiums could also be distributed during a sort of ways:

1. By enclosing it within the product package, referred to as an "in-pack" premium.
2. By attaching it onto the package, referred to as an "on-pack" premium.
3. By giving it away at the purpose of purchase, referred to as a "shop or store" premium

Example A frosted glass is being given every time a Nescafe packet is purchased. This creates interest at the point of sale.

1. By offering it as a container holding the merchandise, called a "container" premium.

Example Calcium Sandoz calcium tablets are sold in bottles shaped like a puppy.

1. By distributing it through the mail, reciprocally for proof of purchase, referred to as a "mail premium."

Mini Case

Pepsodent G's offer of a toothbrush valued at Rs. 16.50 for Rs. 5.50, along with its 100-gm. toothpaste tube.

Premiums could also be classified in terms of whether or not they are offered free or at price. Premiums offered at a reduced price are referred to as "self-liquidating premiums. The purpose of such a premium is to cover the manufacturer's out-of-pocket costs.

Self-liquidating premiums can be highly successful in generating sales, in spite of the fact that consumers pay something for the premium.

Mini Case

One of the most successful self-liquidating premiums ever to be used was in the U.S. for 'Kool' cigarettes. The premium offer was a sailboat for \$ 88 with the enclosure of 10 empty cigarette packages as proof of purchase. Over 20,000 customers ordered this premium

The biggest advantage of a premium is that it appeals to the human desire to get a bargain. It is also effective in gaining short-run trial use. However, the disadvantage is that unless the product offers a distinctive advantage to the consumer, trial use will not translate into repeat purchase. In which case, the premium only provides a temporary boost to sales.

Think & Act 3 Mins	<p><i>In your opinion, what are some advantages and disadvantages of premiums?</i></p> <p>-----</p> <p>-----</p>
---	--

Premiums are also an expensive technique, and unless tremendous volumes are generated, no company can afford to do this. This also means that the premium offer must be carefully selected and tested in advance to make sure that it will be appealing enough to induce purchase. The premium need not be directly related to the product with which it is offered, in order to be effective, as the Kool cigarettes example indicates.

Contests and sweepstakes

A contest may be a promotion based purely on the participant's skills and skills. It requires that the participant apply a skill in creating a thought, a concept, or an outcome. Contests are usually supported coining a reputation or a slogan for a replacement or existing product, or answering a quiz or questionnaire associated with the merchandise.

Mini Case

India Today's Independent Poll had participants enter a six-part poll contest. Each poll had six choices. To win, you had to rank the choices in order of priority, and give an explanation for your choice. Discovery Channel's "Heritage Guides" Contest offered a trip for two to London, and a five-day coach tour around Britain, to viewers who successfully completed a questionnaire.

A sweepstake, on the opposite hand is predicated purely on chance. Each participant has an equal chance of winning a prize from an in depth and expensive list of rewards. The lucky draw and therefore the lottery are samples of sweepstakes.

Both contests and sweepstakes are powerful advertisement devices, as they need the power to involve the buyer, and build excitement round the product (Kalra & Shi, 2010). The disadvantage with these techniques is that it's difficult to check them during a limited market before using them on a national basis. It is not possible to allocate a portion of the total prize packages to a limited market without reducing the impact of the promotion. Because of the difficulty of pretesting, it is also difficult to determine how much advertising and other types of promotional support should be given to the contest promotion.

In addition, it is also difficult to weed out professionals who enter the contest and compete with ordinary consumers. Apart from the techniques discussed above, there are some other types of consumer sales promotion which are also used for a variety of purposes:

Frequency programs

As the name suggests, the aim of such a promotion is to extend frequency of purchase. This is often usually an on-going promotion, used commonly by service industries (Gedenk et al., 2010).

The "frequent flyer" programs offered by the airlines, is the best example of this, those who fly a particular airline frequently are awarded bonus air miles. They can travel free to the extent of the miles earned. Hotels are also products similar programs.

The advantage of such programs is that they help build long-term brand loyalty. However, they can prove to be expensive, as they are difficult to terminate without alienating customers.

Point-of-purchase displays

Attractive displays of a product can trigger purchase, albeit the acquisition wasn't originally planned. Point-of-purchase display materials like special merchandise racks, banners, danglers, posters, etc. are often wont to effect, to encourage consumers to undertake new products, switch brands, or make unplanned purchases (Gedenk et Al., 2010). Used innovatively, within the right place and at the proper time, they will exert a strong influence on consumers.

However, the problem with such displays is clutter, or too many displays competing for the consumer's attention. In addition, the dealer is often reluctant to carry too many displays, as they occupy shelf space. Research has shown that over two-thirds of buying decisions are made at the point of sale.

Joint sales promotion

Consumer sales promotion need not always be for a single advertiser's product. Often, two or more marketers join together and offer a combined promotion (Sonal & Preeta, 2003).

Mini Case

Welcome Group Hotels and Indian Airlines recently offered a joint promotion. The promotion was targeted to companies that organize conferences at hotels. Companies holding conferences of at least 10 participants at a Welcome Group hotel, and getting them to fly Indian Airlines, were rewarded by both the promoters. While Indian Airlines offered a free return ticket to participants and their spouses, Welcome Group offered free stay at the hotel.

The biggest advantage with this type of promotion is the sharing of work load and expenses. Besides, a joint promotion is more exciting to the consumer than a solo promotion. The disadvantage is the loss of control over creative, media and budget elements. The opportunity to draw attention to a single brand name is also lost.

CONCLUSION

To recap what we have discussed in this unit, the various goals and techniques of consumer sales promotion may be summed up in the Table 1 below:

Goal	Technique
Increase Trial	Sampling, Couponing, POP displays, Price-packs, Bonus packs, On-pack & in-pack, Premiums, Refunds
Increase Consumer Inventory	Bonus packs, Price-packs, Multiple-proof premiums, Refunds
Encourage repurchase	Bonus packs, Contests & sweepstakes, On-pack & in-pack premiums, Refunds, Self-liquidating premiums, On-pack coupons good on next purchase, Multiple-proof free premiums

The competition is increasing rapidly in almost all the product categories of fast-moving consumer goods. The traditional approaches towards sales promotion techniques won't be much effective until the companies start to use some modern techniques to sales promotion to reach to individual customers. Mass customization of sales promotion techniques can help the companies to beat the competition.

REFERENCES

- Akçay, Y., Boyacı, T., & Zhang, D. (2013). Selling with money-back guarantees: The impact on prices, quantities, and retail profitability. *Production and Operations Management*, 22(4), 777-791.
- Belch, G.E., & Belch, M.A. (2003). Advertising and promotion: An integrated marketing communications perspective. The McGraw-Hill.
- Berthon, P.R., Pitt, L.F., Plangger, K., & Shapiro, D. (2012). Marketing meets Web 2.0, social media, and creative consumers: Implications for international marketing strategy. *Business horizons*, 55(3), 261-271.
- Blattberg, R.C., Briesch, R., & Fox, E.J. (1995). How promotions work. *Marketing science*, 14, G122-G132.
- Cooper, R.G. (1975). Why new industrial products fail. *Industrial Marketing Management*, 4(6), 315-326.
- Gedenk, K., Neslin, S.A., & Ailawadi, K.L. (2010). Sales promotion. In *Retailing in the 21st Century*, pp. 393-407. Springer, Berlin, Heidelberg.
- Kalra, A., & Shi, M. (2010). Consumer value-maximizing sweepstakes and contests. *Journal of Marketing Research*, 47(2), 287-300.
- Kotler, P., Keller, K.L., Koshy, A., & Jha, M. (2008). Marketing management: A south Asian perspective.
- Lu, Q., & Moorthy, S. (2007). Coupons versus rebates. *Marketing Science*, 26(1), 67-82.
- Morse, J.M. (1991). Strategies for sampling. *Qualitative nursing research: A contemporary dialogue*, 127-145.
- Rogers, B.L., & Coates, J. (2002). Food-based safety nets and related programs. World Bank, Washington.
- Smith, R.E., & Swinyard, W.R. (1983). Attitude-behavior consistency: The impact of product trial versus advertising. *Journal of Marketing Research*, 20(3), 257-267.
- Snoj, B., Korda, A.P., & Mumel, D. (2004). The relationships among perceived quality, perceived risk and perceived product value. *Journal of Product & Brand Management*.
- Sonal, K., & Preeta, V. (2003). Joint Sales Promotion: Prospects & Issues.
- Te'eni-Harari, T. (2008). Sales promotion, premiums, and young people in the 21st century. *Journal of Promotion Management*, 14(1-2), 17-30.
- Thakur, R. (2016). Understanding customer engagement and loyalty: A case of mobile devices for shopping. *Journal of Retailing and consumer Services*, 32, 151-163.
- Valenzuela, A., Mellers, B., & Strebel, J. (2010). Pleasurable surprises: A cross-cultural study of consumer responses to unexpected incentives. *Journal of Consumer Research*, 36(5), 792-805.