

# Lesson 13

## Sales Promotion

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Sales Promotion: Meaning and Role and Objectives

### **Sales Promotion**

- Meaning and Definition of Sales Promotion
- Objectives of Sales Promotion

### **OBJECTIVES**

After studying this lesson, you would be able to understand-

- Meaning of Sales Promotion
- Difference between Promotion and Selling, Promotion and Sale Promotion and Sales Promotion and Advertising
- Objectives and Importance of Sales Promotion

### **SALES PROMOTION**

Promotion actually means to make efforts to move or advance forward. Sales promotion, therefore, means making efforts to move sales of the product of the company forward in the market. In other words, selling more and more goods of the company to the satisfaction of consumers. Promotion is the final element in the marketing mix. As soon as the nature of product, its price and the method of distribution are decided, the marketer's next decision is to choose the promotional techniques to meet customer's needs. The main purpose of sales promotion activities is to attract customers stimulate consumers and dealers effectively.

Sales promotion and personal selling are parts of promotional mix. Sale promotion is indirect and non-personal whereas personal selling is direct and personal selling techniques are used only by the sales force on the roll test of the company. Sale promotion techniques include advertising and other promotional measures like free samples, demonstrations, coupons, contests, reduction sales etc

**According to Mc Neal** –“any communicative activity whose purpose is to move forward a product, services or idea in a channel of distribution”

**According to Stanton**–“Basically promotion is an exercise in information, persuasion and influence.”

**The Committee on Definitions of the American Marketing Association-has remarked,** “ Sales promotion in a specific sense refers to those sales activities that supplement both personal selling and advertising and coordinate them and help to make them effective such as display, shows and expositions, demonstrations and other non-recurrent selling efforts not in ordinary routine.”

Finally sales promotion, at the same time, includes any action or decision that promotes or helps to promote sales. Thus all activities to attract customers may be termed as sales promotion activities.

## **PROMOTION AND SELLING**

Generally, selling and promotion are used synonymously, but these two terms are quite different in their meaning. Selling is a narrow terms and is used only for the transfer of title of goods from seller to purchaser for a consideration. Promotion, on the other hand, is broader in its outlook and includes a variety of activities used ultimately for informing and persuading or influencing buyers to purchase goods. Selling therefore, does not include advertising, salesmanship (or personal selling), other promotional activities or tools. Thus, promotion includes selling whereas selling is a part of it.

## **PROMOTION AND SALES PROMOTION**

Promotion is an all inclusive term and sales promotion is only a part of it. Basically, promotion is an exercise in information, persuasion and influence. Thus, promotion has come to mean the overall coordination of advertising, selling, publicity, public relations and other selling tools. Promotion is a function designed to coordinate all other

marketing activities more effectively and efficiently. Sales promotion on the other hand, helps only to promote selling activities.

## **SALES PROMOTION AND ADVERTISING**

There is no universally accepted distinction between these two terms. Advertising connotes all forms of mass media communication directed towards influencing the end-consumer. Sales promotion on the other hand, is used to imply all forms of mass communication directed towards informing and influencing the channels of distribution (e.g., distributors, retailers etc.). Hence a piece of product literature mailed directly by the producer to consumer is advertising but if mailed to distributors or retailers is sales promotion.

## **OBJECTIVES OF SALE PROMOTION**

As we have discussed, Sale Promotion includes all actives which promote sale of the company's product and services. These activities are called promotional activities and serve the following purposes:

**1- Providing Information-**Promotion is an exercise in information, persuasion and influence. Thus, its major role is persuasive communication. The producer through promotional means provides information regarding the quality, different uses and the price of the product or service to the consumers. The promotional means may be salesmen, dealers, press and other supplementary activities.

**2- Increase Sales Volume-**The main purpose of all Promotional activities is to increase the sales of product or products of the company. Promotional activities increase or help increase the sale by marking effective upward change in the elasticity of demand of product or service through various technique i.e., by distributing samples, free gift, purchase premium, discount etc. Such activities make the product popular and are complementary to press and other media of advertising and personal selling.

**3-To Arrest Seasonal Decline**-In slack season, the promotional activities help in maintaining the sales of product. Middleman (Distributor and retailers) and consumer offered attractive discount and free gift to lure them to purchase more and more. In this way, the producer arrests the seasonal decline in the demand of his product.

**4-To keep the Memory Alive**-One of the objectives of the sales promotion is to keep the memory of the product alive in the minds of the present customers. This work is done mainly by advertisement but other promotional activities help achieve this objective.

**5-To induce Middlemen**-The middlemen-wholesalers and retailers-are induced to purchase more stock of company's product by offering more facilities such as credit facilities, higher cash and trade discounts, free gift etc.

**6-To Face Competition Effectively**-Promotional activities help the producer or seller to meet the competitive situations in the market. The competition may be from manufacturers or sellers of similar products or of substitutes. Competition in similar products may be quality competition or price competition. Promotional activities such as advertising giving information regarding price and quality of the product as compared to other similar products existing in the market of offering various facilities to middlemen with a view to sell company's goods on preference to other goods or offering gift and discount to customers help arrest competition. In case of competition from substitutes having superior technology. Promotional activities cannot help much. The only remedy of such type of competition is to improve the quality of the product through research and innovation. Thus, promotional activities meet the competition effectively.

### **IMPORTANCE OF SALES PROMOTION**

Nothing happens until something is sold. The Sale Promotion activities help in promoting the sales of product of the company very effectively. More and more Promotional activities are required to induce customers to purchase and middlemen to sell more and more items of the product. In this way, promotional activities product

demand of the product in the market. In today's competitive world, these activities play an important role which can be judged from the following facts:

**1-For selling goods in imperfect Markets-** Every market is imperfect market where the product cannot be sold easily only on the basis of price differentiation. It is promotional activities that provide information about the differences, in the market. The customers are attracted to purchase the goods on the basis of such information. The middlemen also canvass the company's product on the basis of such points of differentiation. Thus, Promotional activities are necessary for selling the product successfully in the market.

**2- For shortening the Distance between Producers and Consumers-**There is no direct communication between the producer and the consumer. The distance between them has so widened in present days, that mass selling is not possible without getting them acquainted with the product and its distinctive qualities. Promotional activities, therefore, are necessary to narrow down this distance.

**3-Intense Competition-**Intense competition has necessitated the promotional activities. When one manufacturer increases his promotional spending and adopts aggressive promotional strategy in creating brand image, others have to follow the sign. This leads virtually a promotion war. In such a situation, improving the product through research and innovative activities is advisable.

**4-Increased Standard of Living and Employment Opportunities-**Large scale production is the theme of the day and promotional activities are necessary for mass selling and large production. Sales promotion is the result of large scale production. The objective of large scale production can be achieved only through appropriate methods of large scale selling. Large scale selling is very difficult without promotional activities. In large scale production and selling. Quality of goods is improved and prices are lowered down. It, thus, improves the standard of living of the masses by providing them better quality goods at lower prices. It creates demand f the product and also

employment opportunities as large scale selling cannot be made without the help of an effective sales force and the specialists in the field.

**5- Increased Trade Pressured-**To shorten the distance between the producer and the consumer, a number of producers have preferred to sell the goods direct to consumers by cutting the chain of middlemen short. They have opened retail outlets known as chain stores, other large scale retailers such as departmental stores, super bazaar etc., have also come into existence. These retailers are successful in exerting great pressure on manufacturers to allow them discounts and other facilities. As they are large scale purchasers, and in a bid to support them due to great trade pressure, many manufacturers have resorted to sales promotion activities.

**6-Effective Sales Support-**Basic sales promotion policies supplement the efforts of direct (personal selling) and indirect selling (advertising). It is found that sales promotion activities support the salesmen's and make their efforts more productive. These activities reduce their canvassing time and also the turndowns.

Thus, in today competitive world promotional activities play an important role in aggressive selling of the company's product.

### **Self Check Questions**

1. Define the term sales promotion and give its objectives.
2. Define and differentiate sales promotion and advertising.
3. Discuss the importance of sales promotion

