

Lesson 14

Methods of Sales Promotion - I

Methods of Sales Promotion: a) Consumer Promotions,

OBJECTIVES

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

- Meaning of Consumer Promotion
- Consumer Promotion Devices

METHODS OF SALES PROMOTIONS

Various sales promotion devices (other than advertising, personal selling and publicity) are numerous and may be grouped as follows:

- A. Consumer Promotions
- B. Trade Promotions or Middlemen's promotion
- C. Sales Force Promotions

(A) CONSUMER PROMOTION

Sales promotion devices directed at consumers are aimed at increasing the demand of the company's product among existing consumers or to attract new consumers to the company's product. Such devices may be used to retaliate the competitor's sales promotion or other promotional efforts such promotional devices may include:

1-Samples: - At the time of introducing a new product in the market, the company distributes samples (some quantity of the same product) free of cost of the purchaser of the product. Samples are distributed with a view to allow the customer to test the quality of the product so that he may recommend the use of the product to others. The samples may be distributed door to door, offered in a retail store, or to professional for

recommendation. The method is quite useful for promoting brand loyalty among consumers.

2-Coupons:-A coupon is a chit of stated value mostly kept inside the package, is given direct to the consumer at the time of purchase. It entitles the consumer to a specified saving in the form of price reduction at the time of next purchase. Sometimes, coupons are encashed by the retailers on behalf of the manufacturer. The retailers are reimbursed the value of coupons by the manufacturers. Since coupons are directly tied with the purchase of the product, it provides short term stimulus to the sale of the product.

3-Premium or bonus offer:-It is an offer of certain amount of product (whether product by the same manufacturer or not) to consumer free of cost along with the purchase of the company's product of a stated value or a special pack there of. There are various forms of premium or bonus offer:

(a) Coupons are supplied for effecting price reduction.

(b) Factory in pack premium. Such premium item is generally packed by the company in the box or package itself. It is very popular in case of baby food and tin food items, spoons, cup, measuring glass etc., are generally packed with the product inside the container itself. Tooth paste companies offer a free-tooth brush inside the tooth paste pack

(c) Self-liquidating Premiums:- Under this type of premium, the cost of premium is collected from the customers though it is considerably low. Such premium items are offered along with the purchase of company's goods. This becomes possible because the manufacturer purchases these items in bulk.

4-Money Refund Offer:-This offer is generally stated on the package itself or in the media advertising that the manufacturer will return the price of the product, if it not up to the satisfaction of the consumer. This offer is valid only for a stated period

5-Price-off or Bargain offer Price or Temporary Price Reduction:-The customer is offered a price reduction over the printed or list price on purchases made during a fixed period. This is done to attract consumers of other brands to this brand or when a new product or brand enters the market.

6-Contests or Sweepstakes:- At times, contests are arranged with a view to attract new users to the company's new users to the company's product. Entry forms to contest are available with the purchase of the goods or carton flaps are tagged with the entry forms. An opportunity under this device is given to consumer to contest with a chance to win cash prizes, or articles or free air trips. It is an indirect manner of introducing a new product or stimulating sales of an existing product.

7-Bonus Stamps:-A premium in the form of stamps is given by the seller to consumers. The value of stamps received by the purchaser depends upon the value of purchase. The consumer goes collecting stamps unless he has sufficient quantity of to obtain desired merchandise in exchange for the stamps from the stamp redemption centers.

8-Buy-back Allowance:-This is an allowance following a previous trade deal and offers a certain amount of money for new purchases based on the quantity of purchase made on the first trade deal. The retailer on behalf of the producer collects empty cartons, bottles, flaps, tubes etc., from the consumers of a certain brand and encash them at a fixed price if they purchase the company's brand afresh. It extends the life of the trade deal and helps to prevent past deal sales decline. It greatly strengthens the buyer's motivation to cooperation the first trade deal.

9-Demonstration:-This is a method of promoting a new brand or article in the market. The product is demonstrated in producer's or seller's stores, at fairs and exhibitions, temple festivals or even on door to door basis depending upon the size and value of the product. This method is most often employed for household appliances and new beverages. Tea in India was introduced in the market through demonstrations.

SELF CHECK QUESTIONS

1. Describe different methods or tools of sales promotion.
2. Write a note on consumer promotion.

